

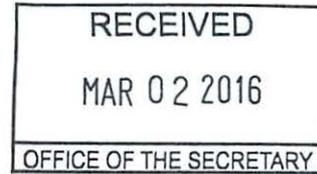


Financial Industry Regulatory Authority

Colleen E. Durbin
Assistant General Counsel

Direct: (202) 728-8816
Fax: (202) 728-8264

HARD COPY



March 1, 2016

VIA MESSENGER

Brent J. Fields, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: Christopher A. Parris
Administrative Proceeding No. 3-17128

Dear Mr. Fields:

Enclosed please find the original and three (3) copies of FINRA's Brief in Opposition to Request for Stay in the above-captioned matter.

Please contact me at (202) 728-8816 if you have any questions.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Colleen E. Durbin". The signature is fluid and cursive, with a long horizontal stroke at the end.

Colleen E. Durbin
Enclosures

cc: Alan M. Wolper, Esq.
Heidi E. VonderHeide, Esq.

**BEFORE THE
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.**

In the Matter of the Application of

Christopher A. Parris

For Review of

FINRA Disciplinary Action

File No. 3-17128

FINRA'S BRIEF IN OPPOSITION TO MOTION TO STAY

Alan Lawhead
Vice President and
Director – Appellate Group

Colleen E. Durbin
Assistant General Counsel

FINRA
Office of General Counsel
1735 K Street, NW
Washington, DC 20006
(202) 728-8816

March 1, 2016

TABLE OF CONTENTS

	<u>PAGE</u>
I. FACTUAL AND PROCEDURAL BACKGROUND.....	2
A. First American Securities and Christopher Parris.....	2
B. FINRA’S Investigation	3
1. FINRA’s September 15, 2015 Requests for Information	3
2. The October 16, 2015 Pre-Suspension Notice.....	3
3. The November 9, 2015 Suspension Notice.....	4
4. Additional Correspondence and the Bar Notice	5
II. ARGUMENT.....	6
A. Parris Failed to Exhaust His Administrative Remedies.....	7
B. Parris Failed to Sustain His Burden to Show That the Commission Should Issue a Stay	9
1. Parris Will Not Prevail on his Jurisdiction Argument Because He Is an Associated Person Over Whom FINRA Has Jurisdiction.....	9
a. Parris Indirectly Controls FAS.....	11
b. Parris Is Engaged in the Securities and Investment Banking Business.....	12
c. Parris’s Affidavit is Factually Inaccurate, Self-Serving, and Unreliable.....	14
2. Denial of the Stay Will Not Impose Irreparable Injury on Parris and Will Not Injure Other Parties	15
3. Denial of the Stay Will Serve the Public Interest	16
C. Parris’s Suspension and FINRA’s Denial of Reinstatement Were Appropriate.....	16
III. CONCLUSION.....	17

TABLE OF AUTHORITIES

<u>Federal Court Decision</u>	<u>Page</u>
<i>Associated Sec. Corp. v. SEC</i> , 283 F.2d 773 (10th Cir. 1960)	15
 <u>SEC Decisions and Releases</u>	
<i>Leslie A. Arouh</i> , Exchange Act Release No. 62898, 2010 SEC LEXIS 2977 (Sept. 13, 2010)	10, 13
<i>Hans N. Beerbaum</i> , Administrative Proc. No. 3-12316 (Aug. 25, 2006)	15
<i>Howard Brett Berger</i> , Exchange Act Release No. 58950, 2008 SEC LEXIS 3141 (Nov. 14, 2008)	8
<i>CMG Inst. Trading, LLC</i> , Exchange Act Release No. 59325, 2009 SEC LEXIS 215 (Jan. 30, 2009)	16
<i>Kirk A. Knapp</i> , 50 S.E.C. 858 (1992)	13
<i>Richard F. Kresge</i> , Exchange Act Release No. 55988, 2007 SEC LEXIS 1407 (June 29, 2007)	13
<i>Caryl Trewyn Lenahan</i> , Exchange Act Release No. 73146, 2014 SEC LEXIS 3503 (Sept. 19, 2014)	7
<i>Gilbert Torres Martinez</i> , Exchange Act Release No. 69405, 2013 SEC LEXIS 1147 (Apr. 18, 2013)	7
<i>John Montelbano</i> , Exchange Act Release No. 45107, 2001 SEC LEXIS 2490 (Nov. 27, 2001)	9
<i>Ricky D. Mullins</i> , Exchange Act Release No. 71926, 2014 SEC LEXIS 1268 (Apr. 10, 2014)	7
<i>Robert J. Prager</i> , Administrative Proc. No. 3-11627 (Sept. 14, 2004)	15
<i>Gregory S. Profeta</i> , Exchange Act Release No. 62055, 2010 SEC LEXIS 1563 (May 6, 2010)	8
<i>Royal Sec. Corp.</i> , 36 S.E.C. 275 (1955)	8
<i>Nicholas S. Savva</i> , Administrative Proc. No. 3-15017 (Oct. 31, 2012)	15

William Timpinaro, Exchange Act Release No. 29927,
1991 SEC LEXIS 2544 (Nov. 12, 1991)9, 15

Vladislav Steven Zubkis, Exchange Act Release No. 40409,
1998 SEC LEXIS 1904 (1998)11, 13

FINRA Decisions

DBCC for Dist. No. 3 v. Paramount Invs. Int'l, Complaint No. C3A940048,
1995 NASD Discip. LEXIS 248 (NASD NBCC Oct. 20, 1995).....10

Dep't. of Enforcement v. Gallagher, 2012 FINRA Discip. LEXIS 61
(FINRA NAC Dec.12, 2012).....13

Dep't. of Enforcement v. Sterling Scott Lee, 2007 NASD Discip. LEXIS 6
(NASD NAC Feb.12, 2007).....11

FINRA By-Laws, and Rules

Article 1 of the FINRA By-Laws.....10, 11

FINRA Rule 9552(a).....3

FINRA Rule 9552(h)4

**BEFORE THE
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.**

In the Matter of the Application of

Christopher A. Parris

For Review of

FINRA Disciplinary Action

File No. 3-17128

FINRA'S BRIEF IN OPPOSITION TO MOTION TO STAY

Christopher A. Parris has moved to stay the bar imposed by FINRA for his repeated failures to provide information and documents to FINRA pursuant to FINRA's multiple Rule 8210 requests. FINRA's Department of Enforcement ("Enforcement") is investigating Parris and First American Securities ("FAS" or "firm"), a firm owned and controlled by Parris, with respect to their involvement with two private placements, and whether the offerings were, among other things, fraudulent.

FINRA was investigating a private placement called United RL Capital ("United RL"), a debt offering in which the issuer would lend funds to borrowers to acquire medical laboratories. FINRA's review linked the United RL private placement to Parris and FAS, and also uncovered their involvement with another private placement, Percipience Global Corporation, a debt offering whereby the issuer raised funds to purchase distressed property in the Detroit area to rehab and sell at a profit. FAS acted as the exclusive placement agent for Percipience while the United RL offering was executed away from FAS as an outside business

activity. FINRA became concerned that the private placements may violate suitability rules and contain material misrepresentations.

In light of these concerns, FINRA conducted multiple on the record (“OTR”) interviews with Parris and other individuals connected to FAS, as well as issuing FINRA Rule 8210 Requests to Parris. After initially providing some documents and information, Parris essentially placed a roadblock in the path of Enforcement’s investigation, failing to fully comply with FINRA requests. The instant appeal arises from the insufficiency and incompleteness of Parris’s responses to FINRA’s Rule 8210 requests, and FINRA’s suspension and ultimate bar of Parris for his failure to respond completely.

FINRA initiated a suspension proceeding because Parris had responded to only a portion of what FINRA had asked for. FINRA warned Parris that he would be suspended in three weeks, but that he could request a hearing and specify any defenses to the pending suspension. Instead of requesting a hearing before a FINRA Hearing Panel to challenge jurisdiction, as he should have, Parris erroneously filed this appeal to the Commission, despite his failing to exhaust his administrative remedies. Because Parris did not ask for a hearing and he did not present any evidence to a Hearing Panel, the Commission should deny Parris’s stay request.

I. FACTUAL AND PROCEDURAL BACKGROUND

A. First American Securities and Christopher Parris

FAS is wholly owned by First American Holdings LLC. *See Mot. to Stay, Ex. 1 pp 9-10.* First American Holdings was created exclusively for the purpose of owning FAS. First American Holdings owns no other business and has no other sources of revenue. First American Holdings is in turned owned by Parris and Perry Santillo, each of whom possess a 50% interest. *Id.* While not currently registered, Parris was registered at New York Life Securities,

Inc. from July 2002 through March 2004 and at Nationwide Securities, Inc. from March 2004 through May 2005. Parris CRD, attached hereto as Exhibit A.

B. FINRA's Investigation

1. FINRA's September 15, 2015 Requests for Information

In furtherance of its investigation into Parris and the private placements, FINRA sent Parris, through his attorney, a FINRA Rule 8210 request seeking, among other things, executed agreements involving United RL, Nexus Laboratory Management Systems, LLC, and Parris, United RL's and Percipience's bank statements, and documentation involving payments to or from Percipience. *See* September 15, 2015 letter from Mark Norman to Alan Wolper, attached hereto as Exhibit B. Parris did not respond to this request.

On September 23, 2015, FINRA sent Parris a second FINRA Rule 8210 request, enclosing the September 15, 2015 letter. *See* September 23, 2015 letter from Mark Norman to Alan Wolper, attached hereto as Exhibit C. This letter reminded Parris of his obligation to provide documents and information to FINRA under Rule 8210, and directed him to respond by September 30, 2015. Again, Parris did not respond by September 30.

2. The October 16, 2015 Pre-Suspension Notice

After Parris failed to respond to the requests for information and documents, FINRA's Department of Enforcement ("Enforcement") sought to suspend Parris from associating with any FINRA member firm pursuant to FINRA Rule 9552.¹ On October 16, 2015, Miki Vucic Tesija, FINRA Senior Regional Counsel, warned Parris in a letter that FINRA planned to

¹ FINRA Rule 9552(a) authorizes FINRA to suspend individuals who fail to respond to Rule 8210 requests:

[Footnote continued on next page]

suspend him on November 9, 2015, for his failure to respond to the September 15, 2015 Rule 8210 Request. *See* October 16, 2015 Letter from Miki Tesija to Alan Wolper, attached hereto as Exhibit D. The letter indicated that Parris failed to fully respond the request numbers 1, 2, 3, 4, 5, 6, 7, 10, 12, 13, 14, and 15. It also stated that Parris could avoid imposition of the suspension if he took corrective action by complying with the information request before the suspension date of November 9, 2015, and further explained that Parris had the opportunity to request a hearing before the suspension date to contest the imposition of the suspension. Finally, the letter stressed not only that Parris could seek reinstatement during his suspension, but also that if he failed to request termination of the suspension within three months, he would be in default, and barred on January 19, 2016. *See* FINRA Rule 9552(h).²

3. The November 9, 2015 Suspension Notice

Because Parris failed to completely respond to FINRA's Rule 8210 requests, FINRA notified Parris in a letter dated November 9, 2016 that he was suspended, effective immediately, from association with any FINRA member firm in any capacity. *See* November 9, 2016 Letter from Sandra Harris to Alan Wolper, attached hereto as Exhibit E. The letter advised Parris that

[Cont'd]

[i]f a member, person associated with a member or person subject to FINRA's jurisdiction fails to provide any information, report, material, data, or testimony requested or required to be filed pursuant to the FINRA By-Laws or FINRA rules, or fails to keep its membership application or supporting documents current, FINRA staff may provide written notice to such member or person specifying the nature of the failure and stating that the failure to take corrective action within 21 days after service of the notice will result in suspension of membership or of association of the person with any member.

² FINRA Rule 9552(h) states, "[a] member or person who is suspended under this Rule and fails to request termination of the suspension within three months of issuance of the original notice of suspension will automatically be expelled or barred."

he could file a written request to terminate the suspension based on fully providing the information and documents that FINRA requested in the September 15, 2015 FINRA Rule 8210 Request. The Suspension Notice reiterated the warning that Parris's failure to seek relief from the suspension by January 19, 2016, would result in an automatic bar pursuant to FINRA Rule 9552. On December 2 and 11, 2015, Parris provided documents that responded to several, but not all, of FINRA's requests.

4. Additional Correspondence and the Bar Notice

On January 6, 2016, FINRA Senior Regional Counsel Tesija wrote to Parris's attorney, Alan Wolper, and pointed out that "many requested documents" were still missing. *See* January 6, 2016 Letter from Miki Tesija to Alan Wolper, attached hereto as Exhibit F. The letter details what FINRA was asking for in requests 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 13, and 15. Tesija's letter concludes that, as of the date of the letter, "Mr. Parris has not fully complied with the 8210 Request."

Mr. Wolper responded with a letter to Tesija on January 19, 2016. *See* January 19, 2016 Letter from Alan Wolper to Miki Tesija, attached hereto as Exhibit G. Although Parris provided some documents and updated spreadsheets to FINRA, he did not provide any documents in response to requests 5 and 15.³ Instead, Wolper's letter stated for request 5 that United RL bank statements from before March 2015 "have zero relevance" and reiterated prior objections. The response to request 15 was also to assert objections, including incorporating objections from request 5, prior objections, and asserting that Parris was not subject to FINRA's jurisdiction.

³ Request 5 asked for the bank statements of United RL from inception through the present date. Request 15 sought the transaction documents related to the "private equity" investors of United RL, including the notes issued to the investors and account statements.

Also on January 19, 2016, Wolper wrote to FINRA's Executive Vice President of Enforcement to request that Parris's suspension be terminated. *See* January 19, 2016 Letter from Alan Wolper to J. Bradley Bennett, attached hereto as Exhibit H. On January 21, 2016, Bennett responded that he would not terminate Parris's suspension because Parris had not responded to requests 5 and 15. *See* January 21, 2016 Letter from J. Bradley Bennett to Alan Wolper, attached hereto as Exhibit I.

Additionally, on January 21, 2016, FINRA advised Parris that pursuant to FINRA Rule 9552(h) and the preceding suspension notices, Parris was barred from associating with any FINRA member firm effective January 19, 2016. *See* Letter from Mark Koerner to Alan Wolper, attached hereto as Exhibit J. Parris's appeal to the Commission followed.

II. ARGUMENT

Parris's Motion to Stay suffers from three independent and fatal flaws: His primary argument—that FINRA does not have jurisdiction over him—was never presented to a FINRA Hearing Panel and is not justiciable on appeal to the Commission. Parris had the opportunity to have a hearing and present evidence to support any defenses he had prior to being suspended and eventually barred. Parris chose not to have a hearing and, accordingly, did not exhaust his administrative remedies before attempting to appeal to the Commission. Second, Parris's Motion to Stay does not address three-fourths of the unique factors that he must establish for the Commission to grant the extraordinary relief of a stay of Parris's bar. Parris does not address how he will suffer irreparable harm, that substantial harm will be inflicted on other parties, and that a stay will serve the public interest. As FINRA will further establish, each of these factors weighs heavily against granting Parris's motion. Third, Parris's assertion that he is not an associated person is thoroughly refuted by the numerous facts that prove his controlling interest

in FAS and engagement in its securities business and investment banking activities. Based on all these reasons, the Commission should deny Parris's Motion to Stay.

A. Parris Failed to Exhaust His Administrative Remedies

Parris failed to exhaust his administrative remedies concerning his jurisdictional arguments. FINRA told Parris that he could "request a hearing" before a FINRA Hearing Panel, as provided by FINRA Rule 9552(a), to present any defenses he had to explain his failure to provide documents. *See* Exhibit C. Parris, who was represented by counsel, did not request a hearing.

As the Commission has emphasized, "[i]t is clearly proper to require that a statutory right to review be exercised in an orderly fashion, and to specify procedural steps which must be observed as a condition to securing the review." *Ricky D. Mullins*, Exchange Act Release No. 71926, 2014 SEC LEXIS 1268, at *9-10 (Apr. 10, 2014). The Commission has repeatedly held that requiring respondents who failed to provide FINRA with requested documents to exhaust their administrative remedies before FINRA is necessary to FINRA's important regulatory functions, promotes development of the record in the forum particularly suited to create it, allows FINRA the opportunity to correct any error in its earlier decisions, and promotes the efficient resolution of disputes between FINRA and its members. *See, e.g., Caryl Trewyn Lenahan*, Exchange Act Release No. 73146, 2014 SEC LEXIS 3503, at *6-7 (Sept. 19, 2014) (*quoting MFS Sec. Corp. v. SEC*, 380 F.3d 611, 621-22 (2d Cir. 2004)); *Gilbert Torres Martinez*, Exchange Act Release No. 69405, 2013 SEC LEXIS 1147, at *12 (Apr. 18, 2013) (reaffirming that the Commission's exhaustion requirement promotes the efficient resolution of disciplinary disputes between SROs and their members and is in harmony with Congress's delegation of

authority to SROs to settle, in the first instance, disputes relating to their operations.); *Mullins*, 2014 SEC LEXIS 1268, at *10 (same).

An aggrieved party is required to exhaust his administrative remedies before resorting to an appeal, and those who fail to exercise their rights to administrative review cannot claim that they have exhausted their administrative remedies. *Royal Sec. Corp.*, 36 S.E.C. 275, 277 n.3 (1955). The Commission has previously held that it “will not consider an application for review if the applicant failed to exhaust FINRA’s procedures for contesting the sanction at issue.” *Gregory S. Profeta*, Exchange Act Release No. 62055, 2010 SEC LEXIS 1563, at *5 (May 6, 2010). By failing to request a hearing – as he should have – Parris has denied a FINRA Hearing Panel the opportunity to evaluate the correctness of Enforcement’s actions and left the Commission without a properly developed record. Because Parris did not ask for a hearing, the Commission should deny the motion to stay the bar that resulted from FINRA’s warnings.

Moreover, Parris’s claim that FINRA does not have jurisdiction over him is no different than other defenses that a respondent must present to a FINRA Hearing Panel. In *Howard Brett Berger*, Exchange Act Release No. 58950, 2008 SEC LEXIS 3141, at *20 (Nov. 14, 2008), *aff’d*, 347 F.App’x 692 (2d. Cir. 2009), the Commission ruled that respondents must raise their challenges to FINRA’s jurisdiction in a FINRA hearing. “[S]ubjecting oneself to [FINRA’s] disciplinary process, interposing one’s objections, and relying on [FINRA’s] procedures is the appropriate route to challenge [its] jurisdiction.”). *Id.* Parris took none of these steps. He decided not to request a hearing. He proffered *no* evidence to support his argument that he is not an associated person, and consequently FINRA was denied an opportunity to put on its extensive evidence that shows that Parris in fact is an associated person over whom it has jurisdiction. Parris is attempting to leap frog over FINRA and ask the Commission to resolve

conflicting factual claims about associated person status when the record contains no trial-level fact finding. Yet the lack of a record developed before a Hearing Panel is entirely Parris's fault. Parris's failure to follow FINRA's procedure and his failure to offer any evidence on his jurisdiction question to a Hearing Panel means that he should not qualify for appellate review by the Commission. In light of his failure to exhaust his remedies, the Commission should deny Parris's Motion to Stay.

B. Parris Failed to Sustain His Burden to Show That the Commission Should Issue a Stay

Although the discussion is conspicuously absent from Parris's Motion to Stay, the Commission considers requests for a stay in light of four criteria: (1) whether the applicant has shown a strong likelihood that he will prevail on the merits; (2) whether the applicant has shown that, without a stay, he will suffer irreparable harm; (3) whether there would be substantial harm to other parties if a stay were granted; and (4) whether the issuance of a stay would serve the public interest. *See John Montelbano*, Exchange Act Release No. 45107, 2001 SEC LEXIS 2490, at *12 n.17 (Nov. 27, 2001) (citing *Cuomo v. U.S. Nuclear Regulatory Comm'n*, 772 F.2d 972, 974 (D.C. Cir. 1985)); *William Timpinaro*, Exchange Act Release No. 29927, 1991 SEC LEXIS 2544, at *5-6 & n.12 (Nov. 12, 1991) (citing *Va. Petroleum Jobbers Ass'n v. FPC*, 259 F.2d 921, 925 (D.C. Cir. 1958)), *aff'd*, 2 F.3d 453 (D.C. Cir. 1993). "[T]he imposition of a stay is an extraordinary and drastic remedy," and the moving party has the burden of establishing that a stay is appropriate. *See Timpinaro*, 1991 SEC LEXIS 2544, at *6. Parris's motion fails to address at least three of these criteria, resulting in his failure to sustain his burden.⁴

⁴ Parris's failures to affirmatively address the elements needed to grant a stay in his motion preclude him from addressing them in his reply brief. He should not be given a second bite at the apple, particularly in light of the fact that he is represented by counsel.

1. Parris Will Not Prevail on his Jurisdiction Argument Because He Is an Associated Person Over Whom FINRA Has Jurisdiction

There is abundant evidence to demonstrate that Parris is an associated person and therefore subject to FINRA jurisdiction. Although this evidence should have been ruled on by a Hearing Panel, for the sake of argument, FINRA will show that Parris is an associated person and therefore his motion to stay should be denied.

Article I of FINRA's By-laws defines a "person associated with a member" or "associated person of a member" to mean: (1) a natural person who is registered or has applied for registration under the Rules of the Corporation; (2) a sole proprietor, partner, officer, director, or branch manager of a member, or other natural person occupying a similar status or performing similar functions, *or a natural person engaged in the investment banking or securities business who is directly or indirectly controlling or controlled by a member*, whether or not any such person is registered or exempt from registration with FINRA under these By-Laws or the Rules of the Corporation; and (3) for purposes of Rule 8210, any *other* person listed in Schedule A of Form BD of a member. (Emphasis added). Contrary to Parris's arguments, while the fact that he is not listed on Schedule A of the Form BD may be accurate, it is not the dispositive factor for determining whether Parris is an associated person. The definition of associated person should be construed broadly "in order to take regulatory action in circumstances where a person's connection with a member firm implicates the public interest." *DBCC for Dist. No. 3 v. Paramount Invs. Int'l*, Complaint No. C3A940048, 1995 NASD Discip. LEXIS 248, at *4 (NASD NBCC Oct. 20, 1995).

Here, Parris meets the criteria for an associated person because he is indirectly controlling a member, and is a natural person engaged in the investment banking or securities business. When the Commission evaluates if an individual is acting in a registered capacity and

therefore is an associated person, it examines the individual's entire course of conduct. *See Leslie A. Arouh*, Exchange Act Release No. 62898, 2010 SEC LEXIS 2977, at *33 (Sept. 13, 2010) ("our determination that he acted as a principal is based on his entire course of conduct"). For example, in *Vladislav Steven Zubkis*, Exchange Act Release No. 40409, 1998 SEC LEXIS 1904 (1998) the Commission found that an individual was an associated person when he acted as chief executive officer of an issuer whose stock the firm sold, paid some firm expenses, sometimes paid firm registered representatives, and possessed some firm documents. *See also Dep't. of Enforcement v. Sterling Scott Lee*, 2007 NASD Discip. LEXIS 6 (NASD NAC Feb. 12, 2007) (factors considered in determining whether an individual is associated with a firm include whether the unregistered person made hiring or firing decisions and whether they controlled salary decisions).

In addition to Parris indirectly controlling FAS, he engaged in the firm's securities business when he was substantially involved with FAS, its employees, and the private placements.

a. Parris Indirectly Controls FAS

FAS is 100 percent owned by First American Holdings LLC. *See Mot. to Stay*, Ex. 1 pp 9-10. First American Holdings was created exclusively for the purpose of owning FAS. First American Holdings owns no other business and has no other sources of revenue. First American Holdings is in turn owned by Parris and Perry Santillo, each of whom possess a 50% interest. *Id.*

Parris' ownership interest in FAS renders him "controlling a member" under FINRA By-Laws. "Controlling" is defined in the By-Laws, Art. I (h) as a "person who is the owner of 20% or more of the outstanding voting stock of any corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of

proof by a preponderance of the evidence to the contrary.” Parris is a controlling owner of First American Holdings, which in turn is a controlling owner of FAS. Parris has indirect control over FAS because he has direct control (50%) of First American Holdings, and First American Holdings has direct control (100%) over FAS. The only evidence contradicting Parris’ control over FAS is Paris’s self-serving and factually inaccurate affidavit (“Parris Affidavit”), to which the Commission should afford little, or no, weight. *See* II.B.1.c *infra*.

b. Parris Is Engaged in the Securities and Investment Banking Business

Making hiring and firing decisions and engaging in a firm’s business operations decisions, including directing the firm’s involvement with private placements, strongly supports a finding that the individual making those decisions is an associated person. Parris was involved in the hiring of several registered representatives and non-registered persons at FAS.⁵ *See Dep’t of Enforcement v. Gallagher*, Compl. No. 2008011701203, 2012 FINRA Discip. LEXIS 61, at *10 (FINRA NAC Dec. 12, 2012) (finding that Gallagher’s hiring, firing, and supervision established that he was acting as a principal, which is an associated person of a firm). In addition, Parris testified that he hired three individuals for an entity called Wayne Diversified

⁵ Parris’s hires at FAS included John Piccarreto (John Piccarreto OTR Tr. p. 15, relevant portions attached hereto as Exhibit K; Thomas Brenner OTR Tr. p. 162, relevant portions attached hereto as Exhibit L), Dominic Siwik (Dominic Siwik OTR Tr. pp. 32-33; 92, relevant portions attached hereto as Exhibit M), Steven Coffey, and Josh Demille (Brenner OTR Tr. pp. 163; 164-165 (Exhibit L)).

Specifically, Siwik was brought on board by Parris to establish the initial business plan for FAS to identify wirehouse brokers with decreased payouts from the bigger firms and lure them to FAS by promising higher payouts. Siwik OTR Tr. p. 93-99 (Exhibit M). To execute this plan, Parris hired Siwik as a recruiter to build and grow the business of FAS and established Siwik’s salary at \$5,000/month. *Id.* at 34, 93-94. If Siwik was successful in growing the business, Parris promised him that he could become an owner of FAS. *Id.* at 35; Parris OTR Tr. p. 480. Once it became apparent that FAS was not profitable, Parris was also involved in the decisions regarding how to change the business model, which included terminating representatives as a part of cost cutting measures. Siwik OTR Tr. p. 96.

(which is 50% owned by Parris), which provided administrative support for FAS. Parris OTR Tr. p. 490-494, relevant portions attached hereto as Exhibit N. Parris's hires were heavily involved in the back office function of FAS, and in addition to hiring them, Parris had the authority to determine their salaries and fire them. Brenner OTR Tr. p 145 (Exhibit K). This is clear evidence of Parris's involvement in the administrative staffing of FAS as well as of the financial support he provided for the firm. *See Zubkis*, 1998 SEC LEXIS 1904, at *11 (affirming Zubkis' status as an associated person where the evidence showed that Zubkis funded his firm through his payment of firm expenses such as rent and telephone charges, compensated the firm's registered representatives, and by the fact that Zubkis had in his home the firm's proprietary documents). Because Parris hired, had authority to fire, and paid certain FAS employees, he is engaged in the securities or investment banking business of FAS.

In addition, Parris was the primary decision maker in aspects of FAS' involvement with two private placements at issue in FINRA's investigation. At Parris' sole discretion, Tom Brenner, President of FAS, was directed to treat the capital raising activities associated with the United RL Capital private placement as an outside business activity rather than record the capital raise through the books and records of FAS. Parris OTR Tr. p. 46 (Exhibit M). It is well-settled that making key management decisions such as this is illustrative of the type of control outlined in FINRA's definition of an associated person. *See, e.g., Leslie A. Arouh*, Exchange Act Release No. 62898, 2010 SEC LEXIS 2977, at *30-31 (Sept. 13, 2010) ("Arouh's involvement in organizing the firm's affairs, planning for its future, and dealing with personnel matters further manifests the active engagement in firm management that defines a principal."); *Richard F. Kresge*, Exchange Act Release No. 55988, 2007 SEC LEXIS 1407, *49-50 (June 29, 2007) (providing financial support, playing a substantial role in the finances of the office, and active

involvement in hiring and meetings, and leadership of personnel constituted active engagement in the management of the firm's securities business); *Kirk A. Knapp*, 50 S.E.C. 858, 860-61 (1992) (participating in firm meetings and hiring firm personnel constituted active engagement in the management of the firm's securities business). Therefore, because Parris indirectly controlled FAS and was engaged in the firm's securities and investment banking business, he is an associated person obligated to completely and fully respond to FINRA's Rule 8210 requests.

c. Parris's Affidavit is Factually Inaccurate, Self-Serving, and Unreliable

In support of his motion to stay, Parris submits an affidavit that attempts to portray him as not engaged in the securities or investment banking business of FAS. Parris, however, makes a factual statement in his affidavit that is false, raising serious doubts about the overall veracity and reliability of the document. Parris attests that he has "personal knowledge of all facts in this Affidavit" and "I ... have never been registered with any FINRA member firm." Mot. to Stay Ex. 2 ¶¶ 1,6. That is false. Parris's CRD as well as his OTR reflect that he was registered with two FINRA member firms from 2002-2005, New York Life Securities and Nationwide Securities. See Parris OTR Tr. p. 47; Mot. to Stay, Ex. 3 pp. 3-4.

The Parris Affidavit also makes the conclusory statements that he does not control FAS and plays no role in the day to day activities. As discussed in the preceding sections, it is abundantly clear that Parris is an indirect controlling person of the firm and is engaged in the firm's securities or investment banking business.

Parris's hands-on involvement with FAS' management decisions indicates a level of involvement and control far greater than Parris pleads to in his motion. He is no mere "passive" part owner totally divorced from his firm. To the contrary, the evidence supports a finding that

Parris is an associated person over whom FINRA has jurisdiction. Consequently, Parris has not met his burden of showing a strong likelihood of prevailing on this argument.

2. Denial of the Stay Will Not Impose Irreparable Injury on Parris and Will Not Injure Other Parties

Parris does not argue that he will suffer irreparable injury, or that any other party will suffer substantial harm, if the Commission denies the stay request. However, even if he had made such an argument in his brief, “[m]ere injuries, however substantial, in terms of money, time, and energy . . . are not enough[.]” to demonstrate irreparable harm. *See Timpinaro*, 1991 SEC LEXIS 2544, at *8. The Commission has rejected loss of employment as proof of irreparable harm. *See Nicholas S. Savva*, Administrative Proc. No. 3-15017, at 6 (Oct. 31, 2012) (Order Denying Stay) (finding no irreparable harm from loss of employment); *Hans N. Beerbaum*, Administrative Proc. No. 3-12316, at 3 (Aug. 25, 2006) (Order Denying Stay) (finding no irreparable harm from Beerbaum’s exclusion from the industry, which would force him to close his broker-dealer); *Robert J. Prager*, Administrative Proc. No. 3-11627, at 4 (Sept. 14, 2004) (Order Denying Stay) (finding no irreparable harm from loss of employment). Parris has offered no evidence or argument to support a finding that he would be irreparably injured if the Commission denies the stay request. Indeed, it would be inconsistent for Parris to claim harm, because he asserts that he is not involved in running FAS.

Nor has Parris demonstrated, or even argued that denial of his stay request will substantially harm another entity. Parris thus has not demonstrated that denial of his stay request will result in irreparable injury to him or substantial harm to another, and the Commission accordingly should deny his stay request. *See Associated Sec. Corp. v. SEC*, 283 F.2d 773, 775 (10th Cir. 1960) (stating that the “necessity of protection to the public far outweighs any personal detriment”).

3. Denial of the Stay Will Serve the Public Interest

The Commission should further the public interest by allowing the bar to remain in place pending its review of this appeal. By failing to respond to FINRA's requests for information, Parris has demonstrated a flagrant disregard for complying with a fundamental FINRA rule. He has thwarted FINRA's attempts to obtain information concerning his activities through an entity that he owns and controls by arguing that FINRA lacks jurisdiction, when the facts strongly indicate otherwise. The necessity of protecting the public interest, particularly in regard to ensuring that FINRA is able to obtain the information necessary to investigate its members who may be engaging in fraudulent activities, far outweighs any unspecified harm to Parris.

C. Parris's Suspension and FINRA's Denial of Reinstatement Were Appropriate

Finally, Parris has failed to show that FINRA was wrong to suspend him or deny his eleventh-hour request to end his suspension and reinstate him. FINRA warned Parris that he would be suspended on November 9, 2015 because he had not provided documents as required for 13 requests and had provided documents for only two requests. *See Exhibit D.* Although Parris produced documents in December 2015, his response to request 5 was incomplete because he had redacted the bank statements of United RL, and his response to request 15 was incomplete because he provided no transaction documents relating to the private equity investors of United RL. *See Exhibit F.* Associated persons must cooperate fully in providing FINRA with information and may not take it upon themselves to determine whether information is relevant. *See CMG Inst. Trading, LLC*, Exchange Act Release No. 59325, 2009 SEC LEXIS 215, at *21 (Jan. 30, 2009). As an associated person, Parris violated Rule 8210 when he refused to provide the full information that FINRA had requested. FINRA was entirely correct in denying Parris'

request for reinstatement because he had not provided all the information requested in requests 5 and 15. *See* Exhibit I.

III. CONCLUSION

The Commission should stay sanctions only in extraordinary circumstances, and such circumstances are not present here. FINRA suspended Parris for failing to respond to FINRA's information requests regarding his involvement and with two private placements. Parris failed to exhaust his administrative remedies by foregoing a hearing before a FINRA Hearing Panel and therefore did not present the jurisdictional issue currently before the Commission. And Parris did not meet his burden of establishing that a stay is appropriate. The imposition of the bar for Parris's failures to comply with a rule essential to FINRA's core mission is fully warranted in this case. Accordingly, the Commission should deny Parris's stay request.

Respectfully submitted,



Colleen E. Durbin
Assistant General Counsel
FINRA
1735 K Street, NW
Washington, DC 20006
(202) 728-8816

March 1, 2016

Exhibit A

Notice

CRD® or IARD(TM) Information: This report contains information from the CRD (Central Registration Depository) system, or the IARD system (Investment Advisers Registration Depository), which are operated by FINRA, a national securities association registered under the Securities Exchange Act of 1934. The CRD system primarily contains information submitted on uniform broker-dealer and agent registration forms and certain other information related to registration and licensing. The IARD system primarily contains information submitted on uniform investment adviser and agent registration forms and certain other information related to registration and licensing. The information on Uniform Forms filed with the CRD or IARD is deemed to have been filed with each regulator with which the applicant seeks to be registered or licensed and shall be the joint property of the applicant and such regulators. The compilation constituting the CRD database as a whole is the property of FINRA. Neither FINRA nor a participating regulator warrants or guarantees the accuracy or the completeness of the CRD or IARD information. CRD information consists of reportable and non-reportable information.

FINRA operates the CRD system in its capacity as a registered national securities association and pursuant to an agreement with the North American Securities Administrators Association, Inc. (NASAA).

FINRA operates the IARD system as a vendor pursuant to a contract with the Securities and Exchange Commission and undertakings with NASAA and participating state regulators.

Reportable Information: Information that is required to be reported on the current version of the uniform registration forms.

Non-Reportable Information: Information that is not currently reportable on a uniform registration form. Information typically is not reportable because it is out-of-date; it was reported in error; or some change occurred either in the disposition of the underlying event after it was reported or in the question on the form that elicited the information. Although not currently reportable, this information was once reported on a uniform form and, consequently, may have become a state record. Users of this information should recognize that filers have no obligation to update non-reportable data; accordingly, it may not reflect changes that have occurred since it was reported.

Details for Request#: 16748928
Report: Snapshot - Individual
Requested By: NG

<u>Parameter Name</u>	<u>Value</u>
Request by CRD# or SSN:	CRD#
Individual CRD# or SSN	4552325
Include Personal Information?	Yes
Include All Registrations with Employments:	Both Current and Previous Employments
Include All Registrations for Current and/or Previous Employments with:	All Regulators
Include Professional Designations?	Yes
Include Employment History?	Yes
Include Other Business?	Yes
Include Exam Information?	Yes
Include Continuing Education Information? (CRD Only)	Yes
Include Filing History? (CRD Only)	Yes
Include Current Reportable Disclosure Information?	Yes
Include Regulator Archive and Z Record Information? (CRD Only)	Yes

CRD® or IARD(TM) System Current As Of: 02/29/2016

Snapshot - Individual

CRD® or IARD(TM) System Report provided to: MEMBERREG

Request Submitted: 3/1/2016 12:54:40 PM

Page 4 of 10

Individual 4552325 - PARRIS, CHRISTOPHER A

Administrative Information

Registrations with Previous Employer(s)

From 06/17/2002 To 03/08/2004 NYLIFE SECURITIES INC.(5167)

Reason for Termination Voluntary

Termination Comment

Regulator	Registration Category	Status Date	Registration Status	Approval Date
FINRA	IR	03/27/2004	TERMED	07/09/2002
NY	AG	03/27/2004	TERMED	07/23/2002

Individual 4552325 - PARRIS, CHRISTOPHER A

Administrative Information
Professional Designations

<<No Professional Designations found for this Individual.>>

Employment History

From	02/2004	To	Present	Name	THE LUCIAN GROUP
				Location	ROCHESTER, NY, United States
				Position	OWNER
				Investment Related	Yes
From	03/2004	To	07/2004	Name	GLEN KRAUSE AGENCY
				Location	ROCHESTER, NY, United States
				Position	ASSOCIATE AGENT
				Investment Related	No
From	03/2004	To	07/2004	Name	NATIONWIDE SECURITIES INC
				Location	ROCHESTER, NY, United States
				Position	REGISTERED REP
				Investment Related	Yes
From	06/2002	To	03/2004	Name	NEW YORK LIFE INSURANCE
				Location	FAIRPORT, NY, United States
				Position	AGENT
				Investment Related	Yes
From	08/1998	To	05/2002	Name	NAZARETH COLLEGE
				Location	ROCHESTER, NY, United States
				Position	STUDENT
				Investment Related	No
From	08/2001	To	12/2001	Name	MORGAN STANLEY
				Location	ROCHESTER, NY, United States
				Position	INTERN
				Investment Related	Yes
From	06/2001	To	08/2001	Name	MCDONALD INVESTMENTS
				Location	ROCHESTER, NY, United States
				Position	INTERN
				Investment Related	Yes
From	07/1996	To	06/1998	Name	WILSON MAGNET HIGH SCHOOL
				Location	ROCHESTER, NY, United States
				Position	STUDENT

Individual 4552325 - PARRIS, CHRISTOPHER A

Administrative Information

Employment History

			Investment Related	No
From	07/1994	To	06/1996	
			Name	CG FINNEY
			Location	ROCHESTER, NY, United States
			Position	STUDENT
			Investment Related	No
From	09/1991	To	06/1994	
			Name	FAITH TEMPLE
			Location	ROCHESTER, NY, United States
			Position	STUDENT
			Investment Related	No

Office of Employment History

From 06/2012 To Present
 Name FIRST AMERICAN SECURITIES, INC.(35841)

Independent Contractor

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
From	03/2004	To	05/2005				
Name NATIONWIDE SECURITIES, INC.(11173)							

Independent Contractor No

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	03/29/2004	05/09/2005	Located At
Address 2755 BUFFALO RD ROCHESTER, NY 14624 United States							

From 06/2002 To 03/2004
 Name NYLIFE SECURITIES INC.(5167)

Independent Contractor No

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	06/17/2002	03/08/2004	Located At
Address 375 WOODCLIFF DRIVE FAIRPORT, NY 14450 United States							

Other Business

Individual 4552325 - PARRIS, CHRISTOPHER A

Administrative Information

FIXED INSURANCE AGENT

Exam Appointments

<<No Exam Appointments found for this Individual.>>

Exam History

Exam	Enrollment ID	Exam Status	Status Date	Exam Date	Grade	Score	Window Dates
S6	24609496	Official Result	07/09/2002	07/06/2002	Passed	77	07/02/2002-10/30/2002
S63	24609497	Official Result	07/23/2002	07/22/2002	Passed	75	07/02/2002-10/30/2002

CE Regulatory Element Status

Current CE Status 2YEARTERMED

CE Base Date

CE Appointments

<<No CE Appointments found for this Individual.>>

Current CE

<<No Current CE found for this Individual.>>

Next CE

<<No Next CE found for this Individual.>>

CE Directed Sequence History

<<No CE Directed Sequence History found for this Individual.>>

Inactive CE History Dates

<<No Inactive CE History Dates found for this Individual.>>

Previous CE Requirement Status

Requirement Type	Enrollment ID	Session	Status	Status Date	Window Dates	Result
Anniversary	29931248	106	SATISFIED	11/02/2004	07/09/2004-11/05/2004	11/02/2004 - CMPLT
Anniversary	29931248	106	REQUIRED	07/09/2004	07/09/2004-11/05/2004	

Filing History

Date	Type	Submitted by
02/24/2016	U6 CRD Individual	FINRA
01/22/2016	U6 CRD Individual	FINRA
11/10/2015	U6 CRD Individual	FINRA
06/18/2012	U4 Page 2 BD Initial	FIRST AMERICAN SECURITIES, INC. (35841)
05/09/2005	U5 Full	NATIONWIDE SECURITIES, LLC (11173)
04/14/2004	U4 Amendment	NATIONWIDE SECURITIES, LLC (11173)
03/29/2004	U4 Relicense CRD	NATIONWIDE SECURITIES, LLC (11173)
03/27/2004	U5 Full	NYLIFE SECURITIES LLC (5167)
05/08/2003	U4 Amendment	NYLIFE SECURITIES LLC (5167)
07/01/2002	U4 Initial	NYLIFE SECURITIES LLC (5167)

Individual 4552325 - PARRIS, CHRISTOPHER A

Reportable Events

Number of Reportable Events

Bankruptcy	0
Bond	0
Civil Judicial	0
Criminal	0
Customer Complaint	0
Internal Review	0
Investigation	0
Judgment/Lien	0
Regulatory Action	1
Termination	0

Occurrence#	1842000	Disclosure Type	Regulatory Action
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	43147541	Form (Form Version)	U6 (05/2009)
Filing Date	02/24/2016		
Source	FINRA		
Disclosure Questions Answered			

Regulatory Action DRP

DRP Version 05/2009

1. Regulatory Action initiated by:
 - A. Initiated by: Self Regulatory Organization
 - B. Full name of regulator: FINRA
2. Sanction(s) sought: Suspension
3. Date initiated/Explanation: 10/16/2015
4. Docket/Case#: 2015046056401
5. Employing firm: n/a
6. Product type(s): No Product
7. Allegation(s): Respondent Parris failed to respond to FINRA request for information.
8. Current status: Final
9. Limitations or restrictions while pending:
10. If on appeal:
 - A. Appealed to:
 - B. Date appealed/Explanation:

Individual 4552325 - PARRIS, CHRISTOPHER A

Reportable Events

Regulatory Action **DRP**

DRP Version 05/2009

C. Limitations or restrictions while on appeal:

11. Resolution details:

A. Resolution detail: Other: letter

B. Resolution date/Explanation: 01/19/2016

12. Final order: No

13. Sanction detail:

A. Sanctions ordered: Bar (Permanent)

B. Other sanctions:

C. Willful violation or failure to supervise: No

i. Willfully violated:

ii. Willfully aided, abetted, counseled, commanded, induced, or procured:

iii. Failed reasonably to supervise another person:

D. Sanction type details:

Sanction type: Suspension

Registration capacities affected: any capacity

Duration (length of time)/Explanation: n/a

Start date/Explanation: 11/09/2015

End date/Explanation: 01/18/2016

Sanction type: Bar (Permanent)

Registration capacities affected: Any capacity

Duration (length of time)/Explanation: n/a

Start date/Explanation: 01/19/2016

End date/Explanation:

E. Requalification type details:

F. Monetary related sanction type details:

Individual 4552325 - PARRIS, CHRISTOPHER A

Reportable Events

Regulatory Action DRP

DRP Version 05/2009

14. Comment:

Pursuant to FINRA Rule 9552(h) and in accordance with FINRA's Notice of Suspension and Suspension from Association letters dated October 16, 2015 and November 9, 2015, respectively, on January 19, 2016, Parris is barred from association with any FINRA member in any capacity. Respondent failed to request termination of his suspension within three months of the date of the Notice of Suspension; therefore, he is automatically barred from association with any FINRA member in any capacity.
On February 22, 2016, Parris filed an Application for Review of the January 21, 2016 Bar from Association pursuant to FINRA Rule 9552.

Regulator Archive and Z Records

<<No Regulator Archive and Z Records found for this Individual.>>

Exhibit B



Financial Industry Regulatory Authority

September 15, 2015

Sent Via Certified (9414 7266 9904 2023 7321 47) Email: awolper@ulmer.com and First Class Mail

Mr. Alan Wolper
Ulmer & Burne LLP
500 W. Madison Street Suite 3600
Chicago, IL 60661-4587

Re: FINRA Examination No. 20150460564

Dear Mr. Wolper,

This office is continuing the investigation of First American Securities, Inc. ("First American" or the "Firm"). The purpose of this inquiry is to determine whether violations of the federal securities laws or FINRA, NASD, or MSRB rules have occurred.

In connection with our investigation, and pursuant to FINRA Rule 8210, FINRA requests that Christopher Parris Jr. provide the following documents and information to me at the above address, no later than September 22, 2015.

During Christopher Parris' OTR testimony on September 10 and 11, 2015, documents and additional information were discussed in the testimony and requested on the record. This letter serves to memorialize those requests made during the testimony of Mr. Parris, and to identify certain additional documents requested that are relevant to this investigation. Specifically, FINRA requests:

1. All executed agreements between any "Borrower" (as defined in the United RL Private Placement Memorandum) and United RL.
2. All executed agreements between any "Borrower" (as defined in the United RL PPM) and Nexus Laboratory Management Systems, LLC ("Nexus").
3. All executed agreements between United RL and Nexus. If there are no such executed agreements, please state as such.
4. All executed agreements between Nexus and Christopher Parris, including the loan agreement and promissory note for the estimated \$500,000 capital contribution made by Parris.

5. The bank statements of United RL from inception through the present date.
6. Please provide documentation demonstrating that all current interest payment obligations from United RL were paid to investors.
7. Provide the opinion of counsel obtained by Nexus related to the legality of the lab structure as it relates to the Stark Laws and Anti Kickback provisions.
8. All executed agreements between Percipience and Berkeley Development, including the line of credit agreement.
9. Provide documentation demonstrating any draws on the Percipience line of credit by Berkeley Development, including the amount and date of the draws.
10. Provide documentation demonstrating any repayment(s) made by Berkeley Development to Percipience, including the interest payment or other fees paid by Berkeley Development to Percipience.
11. Provide documentation demonstrating that all interest payment obligations have been made to each Percipience investor pursuant to the respective subscription agreement.
12. To the extent that any Percipience investor has sought redemption of the Percipience Preferred Shares, provide documents demonstrating that the redemption request was honored and that the investor funds were repaid in accordance with the respective subscription agreement.
13. The bank statements of Percipience from May 2013 through the present date.
14. Provide the revised operating agreement for United RL Capital Services, that removes Christopher Parris as an officer of United RL.
15. The transaction documents relating to the "private equity" investors of United RL, including the notes issued to the investors and any account statements.

Mr. Alan Wolper
Page Three

16. The marketing brochure relating to the United RL investment, as identified during Mr. Parris' testimony.

This inquiry should not be construed as an indication that FINRA or its staff has determined that any violations of federal securities laws or FINRA, NASD or MSRB rules have occurred. Please call me at (312) 899-4822 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Norman', with a stylized, sweeping flourish extending to the right.

Mark Norman
Principal Examiner

cc Via First Class Mail and Email marknorman@fa-securities.com
Mr. John Furkoti
Chief Compliance Officer
First American Securities, Inc.
38008 Baywood Drive
Farmington Hills, MI 48335



1414 7266 9904 2023 7321 47

Service Type **CERTIFIED MAIL®**

Restricted Delivery? (Extra Fee) Yes

Article Addressed to:

Mr. Alan Wolper
Ulmer & Burne LLP
500 W. Madison Street
Suite 3600
Chicago, IL 60661-4587

P

SEP 23 2015

CHICAGO DIST. OFFICE Norman

A. Received by (Please Print Clearly) Norman Furbush	B. Date of Delivery 9-21-15
C. Signature X <i>[Signature]</i>	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
D. Is delivery address different from item 17? If YES, enter delivery address below:	<input type="checkbox"/> Yes <input type="checkbox"/> No

Reference Information

20150460564

Exhibit C



September 23, 2015

Sent Via Certified Mail No. 9414 7266 9904 2039 0457 36, Email: awolper@ulmer.com and First Class U.S. Mail

Mr. Alan Wolper
Ulmer & Burne LLP
500 W. Madison Street, Suite 3600
Chicago, IL 60661-4587

Re: FINRA Exam No. 20150460564

Dear Mr. Wolper,

On September 15, 2015, I sent you a letter requesting information regarding the above referenced examination. For your convenience, I have enclosed a copy of the previous request letter. The letter requested that the information be provided to this office by September 22, 2015. To date, we have not received the requested information. As a result of Mr. Parris' failure to respond, he is in violation of FINRA Rule 8210.

This second request is also made pursuant to FINRA Rule 8210. If Mr. Parris fails to deliver the requested information to me by September 30, 2015, he may be subject to the institution of a non-summary or formal disciplinary proceeding leading to sanctions, including a bar from the securities industry.

This inquiry should not be construed as an indication that FINRA or its staff has determined that any violations of federal securities laws or FINRA, NASD, NYSE, or MSRB rules have occurred. Please call me at 312-899-4622 if you have any questions.

Sincerely,

Mark Norman
Principal Examiner

encl: [Previous Request Letter]



September 15, 2015

Sent Via Certified (9414 7266 9904 2023 7321 47) Email: awolper@ulmer.com and First Class Mail

Mr. Alan Wolper
Ulmer & Burne LLP
500 W. Madison Street Suite 3600
Chicago, IL 60661-4587

Re: FINRA Examination No. 20150460564

Dear Mr. Wolper,
This office is continuing the investigation of First American Securities, Inc. ("First American" or the "Firm"). The purpose of this inquiry is to determine whether violations of the federal securities laws or FINRA, NASD, or MSRB rules have occurred.

In connection with our investigation, and pursuant to FINRA Rule 8210, FINRA requests that Christopher Parris Jr. provide the following documents and information to me at the above address, no later than September 22, 2015.

During Christopher Parris' OTR testimony on September 10 and 11, 2015, documents and additional information were discussed in the testimony and requested on the record. This letter serves to memorialize those requests made during the testimony of Mr. Parris, and to identify certain additional documents requested that are relevant to this investigation. Specifically, FINRA requests:

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2. All executed agreements between any "Borrower" (as defined in the United RL PPM) and Nexus Laboratory Management Systems, LLC ("Nexus").
3. All executed agreements between United RL and Nexus. If there are no such executed agreements, please state as such.
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Mr. Alan Wolper
Page Two

5. **The bank statements of United RL from inception through the present date.**
6. **Please provide documentation demonstrating that all current interest payment obligations from United RL were paid to investors.**
7. **Provide the opinion of counsel obtained by Nexus related to the legality of the lab structure as it relates to the Stark Laws and Anti Kickback provisions.**
8. **All executed agreements between Percipience and Berkeley Development, including the line of credit agreement.**
9. **Provide documentation demonstrating any draws on the Percipience line of credit by Berkely Development, including the amount and date of the draws.**
10. **Provide documentation demonstrating any repayment(s) made by Berkeley Development to Percipience, including the interest payment or other fees paid by Berkeley Development to Percipience.**
11. **Provide documentation demonstrating that all interest payment obligations have been made to each Percipience investor pursuant to the respective subscription agreement.**
12. **To the extent that any Percipience investor has sought redemption of the Percipience Preferred Shares, provide documents demonstrating that the redemption request was honored and that the investor funds were repaid in accordance with the respective subscription agreement.**
13. **The bank statements of Percipience from May 2013 through the present date.**
14. **Provide the revised operating agreement for United RL Capital Services, that removes Christopher Paris as an officer of United RL.**
15. **The transaction documents relating to the "private equity" investors of United RL, including the notes issued to the investors and any account statements.**

**Mr. Alan Wolper
Page Three**

16. The marketing brochure relating to the United RL investment, as identified during Mr. Parris' testimony.

This inquiry should not be construed as an indication that FINRA or its staff has determined that any violations of federal securities laws or FINRA, NASD or MSRB rules have occurred. Please call me at (312) 899-4622 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Norman', with a stylized, sweeping flourish extending to the right.

**Mark Norman
Principal Examiner**

**cc Via First Class Mail and Email mfurkio1@fa-securities.com
**Mr. John Furkio1
Chief Compliance Officer
First American Securities, Inc.
38008 Baywood Drive
Farmington Hills, MI 48335****



9434 7266 9904 2039 0457 36

3. Service Type **CERTIFIED MAIL®**

4. Restricted Delivery? (Extra Fee) Yes

1. Article Addressed to:

Mr. Alan Wolper
Imer & Burne LLP
10 W. Madison Street, Suite 3600
Chicago, IL 60661-4587

RECEIVED
SEP 30 2015

A. Received by (Please Print Clearly) <i>None Futrell</i>	B. Date of Delivery <i>9-28-15</i>
C. Signature <i>[Signature]</i>	<input type="checkbox"/> Agent <input type="checkbox"/> Address
D. Is delivery address different from item 1? If YES, enter delivery address below:	<input type="checkbox"/> Yes <input type="checkbox"/> No

Reference Information

20150460564
norman

CHICAGO DIST. OFFICE

Exhibit D



Certified Article Number

9414 7266 9904 2039 0465 73

SENDERS RECORD

VIA CERTIFIED AND FIRST CLASS MAIL AND E-MAIL: AWOLPER@ULMER.COM

October 16, 2015

Mr. Christopher A. Parris
c/o Alan M. Wolper
Ulmer & Berne LLP
500 West Madison Street, Suite 3600
Chicago, IL 60661

Re: Notice of Suspension (FINRA Rule 9552)
Christopher A. Parris, CRD No. 4552325
Matter No. 20150460564

Dear Mr. Parris:

Notice of Suspension

PLEASE TAKE NOTICE that on November 9, 2015 (the "Suspension Date"), pursuant to FINRA Rule 9552, you will be suspended from associating with any FINRA member in any capacity because you failed to provide information to FINRA, which had been requested from you in accordance with and pursuant to FINRA Rule 8210. You failed to provide a complete response to requests for information and documents from FINRA dated September 15, 2015 and September 23, 2015. Specifically, pursuant to Rule 8210, FINRA staff sent a request letter on September 15, 2015 requesting records relating to this matter, which records were due on September 22, 2015. You failed to respond. A second and final Rule 8210 request letter was sent on September 23, 2015, which requested that the records be produced no later than September 30, 2015. You again failed to respond. On October 1, 2015, FINRA staff sent you a letter indicating that FINRA had not received a response to the September 15, 2015 and September 23, 2015 request for records. To date, you have failed to fully respond to our requests for records. Specifically, you have failed to respond to request numbers 1, 2, 3, 4, 5, 6, 7, 10, 12, 13, 14, and 15. With respect to request numbers 8 and 9, while you provided some responsive documents, it is unclear whether you have fully complied with those requests by producing all responsive documents. Copies of the subject request letters are attached.

If you take corrective action by complying with the requests before the Suspension Date, the suspension will not take effect. Nonetheless, you may still be subject to a disciplinary action for your failure to respond timely to a request for information under FINRA Rule 8210.

Mr. Christopher A. Parris
c/o Alan M. Wolper
October 16, 2015
Page 2

It is my understanding that Mr. Alan M. Wolper represents you in this matter and that he has agreed to accept service of the Rule 9552 notices on your behalf.

Request for Hearing

Under FINRA Rule 9552(e), you may request a hearing in response to this Notice. Any hearing request must be in writing, state with specificity any and all defenses to the suspension and be filed with the Office of Hearing Officers. Any request for a hearing shall be made before the Suspension Date. A timely request for a hearing will stay the effective date of any suspension and FINRA Rule 9559 will govern the hearing. Your hearing request should be directed to:

FINRA Office of Hearing Officers
1735 K Street, NW, 2nd Floor
Washington, DC 20006
OHOCasFilings@finra.org

Pursuant to FINRA Rules 8310(a) and 9559(n), a Hearing Officer or, if applicable, a Hearing Panel, may approve, modify or withdraw any and all sanctions or limitations imposed by this Notice and may impose any other fitting sanction.

Request for Termination of the Suspension

Under FINRA Rule 9552(f), if you are suspended, you may file a written Request for Termination of the Suspension on the ground of full compliance with this Notice. Such request must be filed with:

J. Bradley Bennett, Executive Vice President, Enforcement
c/o Sandra J. Harris, Senior Director, Policy & Expedited Proceedings
FINRA
300 South Grand Avenue, Suite 1600
Los Angeles, CA 90071

Default

If you fail to request termination of the suspension within three (3) months of the date of this Notice of Suspension, *i.e.*, by January 19, 2016, you will automatically be barred from associating with any FINRA member in any capacity. See FINRA Rule 9552(h).

If you have any questions, please contact me at (312) 899-4641 or via e-mail:
Miki.Tesija@finra.org.

Mr. Christopher A. Parris
c/o Alan M. Wolper
October 16, 2015
Page 3

Very truly yours,

A handwritten signature in black ink, appearing to read "Miki Vucic Tesija". The signature is fluid and cursive, with the first name "Miki" being the most prominent.

Miki Vucic Tesija
Senior Regional Counsel

Attachments

cc: Ed Wegener, Senior Vice President, Regional Director (District 8A – Chicago)
Paul Arnold, Paralegal, FINRA, District 2



September 15, 2015

Sent Via Certified (9414 7268 9904 2023 7321 47) Email: awolper@ulmer.com
and First Class Mail

Mr. Alan Wolper
Ulmer & Burne LLP
500 W. Madison Street Suite 3600
Chicago, IL 60681-4587

Re: FINRA Examination No. 20150460564

Dear Mr. Wolper,
This office is continuing the investigation of First American Securities, Inc. ("First American" or the "Firm"). The purpose of this inquiry is to determine whether violations of the federal securities laws or FINRA, NASD, or MSRB rules have occurred.

In connection with our investigation, and pursuant to FINRA Rule 8210, FINRA requests that Christopher Parris Jr. provide the following documents and information to me at the above address, no later than September 22, 2015.

During Christopher Parris' OTR testimony on September 10 and 11, 2015, documents and additional information were discussed in the testimony and requested on the record. This letter serves to memorialize those requests made during the testimony of Mr. Parris, and to identify certain additional documents requested that are relevant to this investigation. Specifically, FINRA requests:

1. All executed agreements between any "Borrower" (as defined in the United RL Private Placement Memorandum) and United RL.
2. All executed agreements between any "Borrower" (as defined in the United RL PPM) and Nexus Laboratory Management Systems, LLC ("Nexus").
3. All executed agreements between United RL and Nexus. If there are no such executed agreements, please state as such.
4. All executed agreements between Nexus and Christopher Parris, including the loan agreement and promissory note for the estimated \$500,000 capital contribution made by Parris.

5. The bank statements of United RL from inception through the present date.
6. Please provide documentation demonstrating that all current interest payment obligations from United RL were paid to investors.
7. Provide the opinion of counsel obtained by Nexus related to the legality of the lab structure as it relates to the Stark Laws and Anti Kickback provisions.
8. All executed agreements between Percipience and Berkeley Development, including the line of credit agreement.
9. Provide documentation demonstrating any draws on the Percipience line of credit by Berkeley Development, including the amount and date of the draws.
10. Provide documentation demonstrating any repayment(s) made by Berkeley Development to Percipience, including the interest payment or other fees paid by Berkeley Development to Percipience.
11. Provide documentation demonstrating that all interest payment obligations have been made to each Percipience investor pursuant to the respective subscription agreement.
12. To the extent that any Percipience investor has sought redemption of the Percipience Preferred Shares, provide documents demonstrating that the redemption request was honored and that the investor funds were repaid in accordance with the respective subscription agreement.
13. The bank statements of Percipience from May 2013 through the present date.
14. Provide the revised operating agreement for United RL Capital Services, that removes Christopher Paris as an officer of United RL.
15. The transaction documents relating to the "private equity" investors of United RL, including the notes issued to the investors and any account statements.

Mr. Alan Wolper
Page Three

16. The marketing brochure relating to the United RL investment, as identified during Mr. Parris' testimony.

This inquiry should not be construed as an indication that FINRA or its staff has determined that any violations of federal securities laws or FINRA, NASD or MSRB rules have occurred. Please call me at (312) 899-4622 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Norman', with a stylized, wavy line extending to the right.

Mark Norman
Principal Examiner

cc Via First Class Mail and Email jfurkot@fa-securities.com
Mr. John Furkot
Chief Compliance Officer
First American Securities, Inc.
38008 Baywood Drive
Farmington Hills, MI 48335



September 15, 2015

Sent Via Certified (9414 7286 9804 2023 7321 47) Email: awolper@ulmer.com
and First Class Mail

Mr. Alan Wolper
Ulmer & Burne LLP
500 W. Madison Street Suite 3600
Chicago, IL 60661-4587

Re: FINRA Examination No. 20150480584

Dear Mr. Wolper,

This office is continuing the investigation of First American Securities, Inc. ("First American" or the "Firm"). The purpose of this inquiry is to determine whether violations of the federal securities laws or FINRA, NASD, or MSRB rules have occurred.

In connection with our investigation, and pursuant to FINRA Rule 8210, FINRA requests that Christopher Paris Jr. provide the following documents and information to me at the above address, no later than September 22, 2015.

During Christopher Paris' OTR testimony on September 10 and 11, 2015, documents and additional information were discussed in the testimony and requested on the record. This letter serves to memorialize those requests made during the testimony of Mr. Paris, and to identify certain additional documents requested that are relevant to this investigation. Specifically, FINRA requests:

1. All executed agreements between any "Borrower" (as defined in the United RL Private Placement Memorandum) and United RL.
2. All executed agreements between any "Borrower" (as defined in the United RL PPM) and Nexus Laboratory Management Systems, LLC ("Nexus").
3. All executed agreements between United RL and Nexus. If there are no such executed agreements, please state as such.
4. All executed agreements between Nexus and Christopher Paris, including the loan agreement and promissory note for the estimated \$500,000 capital contribution made by Paris.

Mr. Alan Wolper
Page Two

5. The bank statements of United RL from inception through the present date.
6. Please provide documentation demonstrating that all current interest payment obligations from United RL were paid to investors.
7. Provide the opinion of counsel obtained by Nexus related to the legality of the lab structure as it relates to the Stark Laws and Anti Kickback provisions.
8. All executed agreements between Percipence and Berkeley Development, including the line of credit agreement.
9. Provide documentation demonstrating any draws on the Percipence line of credit by Berkeley Development, including the amount and date of the draws.
10. Provide documentation demonstrating any repayment(s) made by Berkeley Development to Percipence, including the interest payment or other fees paid by Berkeley Development to Percipence.
11. Provide documentation demonstrating that all interest payment obligations have been made to each Percipence investor pursuant to the respective subscription agreement.
12. To the extent that any Percipence investor has sought redemption of the Percipence Preferred Shares, provide documents demonstrating that the redemption request was honored and that the investor funds were repaid in accordance with the respective subscription agreement.
13. The bank statements of Percipence from May 2013 through the present date.
14. Provide the revised operating agreement for United RL Capital Services, that removes Christopher Paris as an officer of United RL.
15. The transaction documents relating to the "private equity" investors of United RL, including the notes issued to the investors and any account statements.

Article Number



9414 7266 9904 2013 3825 81

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)	B. Date of Delivery
Nova Futrell	10/16/15
C. Signature	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
X <i>[Signature]</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
D. Is delivery address different from item 17? If YES, enter delivery address below	

Service Type CERTIFIED MAIL®

Restricted Delivery? (Extra Fee) Yes No

Article Addressed to:

Mr. Alan Wolper
Jmer & Burne LLP
500 W. Madison Street, Suite 3600
Chicago, IL 60661-4587

Reference Information

2015
Mark Norman

OCT 16 2015
CHICAGO DIST. OFFICE

Mr. Alan Wolper
Page Three

16. The marketing brochure relating to the United RL Investment, as identified during Mr. Paris' testimony.

This inquiry should not be construed as an indication that FINRA or its staff has determined that any violations of federal securities laws or FINRA, NASD or MSRB rules have occurred. Please call me at (312) 689-4822 if you have any questions.

Sincerely,



Mark Norman
Principal Examiner

cc: Via First Class Mail and Email Mark.Norman@fina-securities.com
Mr. John Furdol
Chief Compliance Officer
First American Securities, Inc.
38000 Baywood Drive
Farmington Hills, MI 48335



September 23, 2015

Sent Via Certified Mail No. 9414 7266 8904 2039 0457 38. Email: awolper@ulmer.com and First Class U.S. Mail

Mr. Alan Wolper
Ulmer & Burne LLP
500 W. Madison Street, Suite 3600
Chicago, IL 60661-4587

Re: FINRA Exam No. 20150460584

Dear Mr. Wolper,

On September 15, 2015, I sent you a letter requesting information regarding the above referenced examination. For your convenience, I have enclosed a copy of the previous request letter. The letter requested that the information be provided to this office by September 22, 2015. To date, we have not received the requested information. As a result of Mr. Parris' failure to respond, he is in violation of FINRA Rule 8210.

This second request is also made pursuant to FINRA Rule 8210. If Mr. Parris does not fail to deliver the requested information to me by September 30, 2015, he may be subject to the institution of a non-summary or formal disciplinary proceeding leading to sanctions, including a bar from the securities industry.

This inquiry should not be construed as an indication that FINRA or its staff has determined that any violations of federal securities laws or FINRA, NASD, NYSE, or MSRB rules have occurred. Please call me at 312-899-4622 if you have any questions.

Sincerely,

Mark Norman
Principal Examiner

enci: [Previous Request Letter]



Financial Industry Regulatory Authority

Sent Via Certified (9414 7266 9904 2013 3825 81), Email: awolper@ulmer.com and First Class Mail

October 1, 2015

Mr. Alan Wolper
Ulmer & Borne LLP
500 W. Madison Street, Suite 3600
Chicago, IL 60661-4587

Re: FINRA Examination No. 20150460564

Dear Mr. Wolper:

On September 15, 2015, I sent you a letter requesting information regarding First American Securities Inc. and Christopher Parris. For your convenience, I have enclosed a copy of the previous request letter. The letter requested that the information be provided to this office by September 22, 2015. To date, we have not received the requested information.

As a result of your clients' failure to respond, a second and final request for this information was submitted on September 23, 2015. The documents requested pursuant to this request were to be received by the Chicago District Office of FINRA by September 30, 2015.

The information requested in both letters was made pursuant to FINRA Rule 8210. However, none of the information requested in my initial letter dated September 15, 2015 or my second letter dated September 23, 2015 have been received.

Please call me at (312) 899-4622 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Norman". The signature is fluid and cursive.

Mark Norman
Principal Examiner

encl: Previous Request Letter

cc: Mr. John Furkoti
Chief Compliance Officer
First American Securities, Inc.
38008 Baywood Drive
Farmington Hills, MI 48335
Via First Class Mail and Email jfurkoti@fa-securities.com

Investor protection. Market integrity

Chicago District Office
55 West Monroe Street, Suite 2700
Chicago, IL 60603-5052

t 312 899 4400
f 312 606 0742
www.finra.org



9414 7266 9904 2039 0457 36

A. Received by (Please Print Clearly) <i>Novak Furell</i>	B. Date of Delivery <i>9-28-15</i>
C. Signature <i>X Novak Furell</i>	<input type="checkbox"/> Agent <input type="checkbox"/> Address
D. Is delivery address different from item 17 If YES, enter delivery address below	<input type="checkbox"/> Yes <input type="checkbox"/> No

3. Service Type **CERTIFIED MAIL®**

4. Restricted Delivery? (Extra Fee) Yes

1. Article Addressed to:

Mr. Alan Wolper
Imer & Burne LLP
30 W. Madison Street, Suite 3600
Chicago, IL 60661-4587

RECEIVED
SEP 30 2015

Reference Information

20150460564
notman

CHICAGO DIST. OFFICE

Mr. Alan Wolper
Page Three

16. The marketing brochure relating to the United RL investment, as identified during Mr. Parris' testimony.

This inquiry should not be construed as an indication that FINRA or its staff has determined that any violations of federal securities laws or FINRA, NASD or MSRB rules have occurred. Please call me at (312) 899-4622 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Norman', with a stylized flourish extending to the right.

Mark Norman
Principal Examiner

cc Via First Class Mail and Email jfurkdot@fa-securities.com
Mr. John Furkdot
Chief Compliance Officer
First American Securities, Inc.
38008 Baywood Drive
Farmington Hills, MI 48335

5. **The bank statements of United RL from inception through the present date.**
6. **Please provide documentation demonstrating that all current interest payment obligations from United RL were paid to investors.**
7. **Provide the opinion of counsel obtained by Nexus related to the legality of the lab structure as it relates to the Stark Laws and Anti Kickback provisions.**
8. **All executed agreements between Percipience and Berkeley Development, including the line of credit agreement.**
9. **Provide documentation demonstrating any draws on the Percipience line of credit by Berkeley Development, including the amount and date of the draws.**
10. **Provide documentation demonstrating any repayment(s) made by Berkeley Development to Percipience, including the interest payment or other fees paid by Berkeley Development to Percipience.**
11. **Provide documentation demonstrating that all interest payment obligations have been made to each Percipience investor pursuant to the respective subscription agreement.**
12. **To the extent that any Percipience investor has sought redemption of the Percipience Preferred Shares, provide documents demonstrating that the redemption request was honored and that the investor funds were repaid in accordance with the respective subscription agreement.**
13. **The bank statements of Percipience from May 2013 through the present date.**
14. **Provide the revised operating agreement for United RL Capital Services, that removes Christopher Parris as an officer of United RL.**
15. **The transaction documents relating to the "private equity" investors of United RL, including the notes issued to the investors and any account statements.**



September 15, 2015

Sent Via Certified (9414 7266 9904 2023 7321 47) Email: awolper@ulmer.com
and First Class Mail

Mr. Alan Wolper
Ulmer & Burne LLP
500 W. Madison Street Suite 3600
Chicago, IL 60661-4587

Re: FINRA Examination No. 20150460564

Dear Mr. Wolper,

This office is continuing the investigation of First American Securities, Inc. ("First American" or the "Firm"). The purpose of this inquiry is to determine whether violations of the federal securities laws or FINRA, NASD, or MSRB rules have occurred.

In connection with our investigation, and pursuant to FINRA Rule 8210, FINRA requests that Christopher Parris Jr. provide the following documents and information to me at the above address, no later than September 22, 2015.

During Christopher Parris' OTR testimony on September 10 and 11, 2015, documents and additional information were discussed in the testimony and requested on the record. This letter serves to memorialize those requests made during the testimony of Mr. Parris, and to identify certain additional documents requested that are relevant to this investigation. Specifically, FINRA requests:

1. All executed agreements between any "Borrower" (as defined in the United RL Private Placement Memorandum) and United RL.
2. All executed agreements between any "Borrower" (as defined in the United RL PPM) and Nexus Laboratory Management Systems, LLC ("Nexus").
3. All executed agreements between United RL and Nexus. If there are no such executed agreements, please state as such.
4. All executed agreements between Nexus and Christopher Parris, including the loan agreement and promissory note for the estimated \$500,000 capital contribution made by Parris.



September 23, 2015

Sent Via Certified Mail No. 9414 7266 9904 2039 0457 36, Email: awolper@ulmer.com
and First Class U.S. Mail

Mr. Alan Wolper
Ulmer & Burne LLP
500 W. Madison Street, Suite 3600
Chicago, IL 60661-4587

Re: FINRA Exam No. 20150460564

Dear Mr. Wolper,

On September 15, 2015, I sent you a letter requesting information regarding the above referenced examination. For your convenience, I have enclosed a copy of the previous request letter. The letter requested that the information be provided to this office by September 22, 2015. To date, we have not received the requested information. As a result of Mr. Parris' failure to respond, he is in violation of FINRA Rule 8210.

This second request is also made pursuant to FINRA Rule 8210. If Mr. Parris' fails to deliver the requested information to me by **September 30, 2015**, he may be subject to the institution of a non-summary or formal disciplinary proceeding leading to sanctions, including a bar from the securities industry.

This inquiry should not be construed as an indication that FINRA or its staff has determined that any violations of federal securities laws or FINRA, NASD, NYSE, or MSRB rules have occurred. **Please call me at 312-899-4622 if you have any questions.**

Sincerely,

Mark Norman
Principal Examiner

enci: [Previous Request Letter]



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A. Received by (Please Print Clearly) Norman Furbush	B. Date of Delivery 9-21-15
C. Signature X <i>[Signature]</i>	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
D. Is delivery address different from item 17? If YES, enter delivery address below:	<input type="checkbox"/> Yes <input type="checkbox"/> No

Service Type CERTIFIED MAIL®

Restricted Delivery? (Extra Fee) Yes

Article Addressed to:

Mr. Alan Wolper
Ulmer & Burne LLP
500 W. Madison Street
Suite 3600
Chicago, IL 60661-4587

PB

SEP 23 2015

Reference Information

2150460564

Norman

CHICAGO DIST. OFFICE

Exhibit E



VIA E-MAIL TO AWOLPER@ULMER.COM AND CERTIFIED AND FIRST CLASS MAIL

November 9, 2015

Christopher A. Parris
c/o Alan M. Wolper
Ulmer & Berne LLP
500 West Madison Street, Suite 3600
Chicago, IL 60661

Re: Suspension from Association with any FINRA Member (FINRA Rule 9552)
Christopher A. Parris, CRD No. 4552325
Matter No. 20150460564

Dear Mr. Parris:

Please be advised that, pursuant to FINRA Rule 9552 and in accordance with FINRA's Notice of Suspension letter dated October 16, 2015 ("Notice of Suspension"), you were suspended on November 9, 2015, from associating with any FINRA member in any capacity.

Under FINRA Rule 9552(f), you may file a written Request for Termination of the Suspension on the ground of full compliance with the Notice of Suspension. Such request must be filed with:

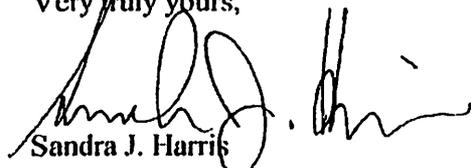
J. Bradley Bennett, Executive Vice President, Enforcement
c/o Sandra J. Harris, Senior Director, Policy & Expedited Proceedings
FINRA
300 South Grand Avenue, Suite 1600
Los Angeles, CA 90071

If you fail to request termination of the suspension within three (3) months of the date of the original Notice of Suspension, you will automatically be barred on **January 19, 2016** from associating with any FINRA member in any capacity. *See* FINRA Rule 9552(h).

Christopher A. Parris
c/o Alan M. Wolper
November 9, 2015
Page 2

If you have any questions, or if you would like another copy of the Notice of Suspension, please contact me at (213) 613-2601.

Very truly yours,

A handwritten signature in black ink, appearing to read "Sandra J. Harris". The signature is fluid and cursive, with a large initial "S" and "H".

Sandra J. Harris
Senior Director, Policy & Expedited Proceedings

cc: Miki Vucic Tesija, Senior Regional Counsel
Edward Wegener, Regional Director (District 8 – Chicago)

Exhibit F



Miki Vuck Tesija
Senior Regional Counsel
Enforcement
t 312.899.4641 | f 312.899.4600
miki.tesija@finra.org

Via Electronic Mail and First Class Mail

January 6, 2016

Alan M. Wolper, Partner
Ulmer & Berne LLP
500 West Madison Street, Suite 3600
Chicago, IL 60661
awolper@ulmer.com

Re: FINRA Examination No. 20150460564

Dear Alan:

I am following up on the various communications I have had with you and Nathan Lamb regarding the outstanding documents owed to FINRA from Christopher Parris. As you know, on October 16, 2015, FINRA issued a Notice of Suspension to Mr. Parris pursuant to Rule 9552 (“Suspension Notice”), which identified Mr. Parris’ deficiencies in responding to the September 15, 2015 Rule 8210 request (“8210 Request”). As you also know, on November 9, 2015, FINRA issued a letter notifying Mr. Parris that he was suspended from FINRA, and that he would be automatically barred on January 19, 2016, unless he fully complied with the 8210 Request.

I have reviewed Mr. Parris’ document productions after the Suspension Notice, including his most recent document productions dated December 2, 2015 and December 11, 2015, and note that many requested documents are still missing from the production.¹ Therefore, as of the date of this letter, Mr. Parris has not fully complied with the 8210 Request.

The following identifies documents FINRA believes still have not been produced.

Request No. 1: All executed agreements between any “Borrower” (as defined in the United RL Private Placement Memorandum) and United RL.

We do not believe all responsive documents have been produced. As I indicated in my November 11, 2015 email to you, and during my November 13, 2015 conference call with Nathan, per Mr. Parris’ testimony, the term “Borrower” in the PPM refers either to the borrowing doctor groups (*i.e.*, Atlantis Health Systems, LLC or Quantum Labs, LLC), or to Nexus Laboratory Management

¹ Document requests numbers 7, 12, 14 and 16 are complete.

Systems ("Nexus").

Based on our review of the documents that have been produced, and Mr. Parris' sworn testimony, we believe many documents have still not been produced, including but not limited to, the following:

- A promissory note signed by Atlantis with regard to the \$1.5 million loan by Atlantis. Mr. Parris produced a Nexus-United RL note relating to the \$1.5 million Atlantis loan (FAS 2755-2756). But, Mr. Parris has not provided a note or loan agreement *signed by Atlantis*, which document he confirmed existed during testimony. In addition, the Nexus-United RL note above states that Nexus is not responsible for payment of the principal. This is contrary to Mr. Parris' testimony that Nexus was in fact contractually responsible for the Atlantis debt as a guarantor at a rate of 10% per annum. We have no documents demonstrating this guarantee, as Mr. Parris testified.
- A promissory note with respect to Quantum's \$175,000 loan with United RL, signed by Quantum. In addition, we have no documents demonstrating Nexus' guarantee of Quantum's debt.
- Documents demonstrating United RL's security interest in the medical receivables of Atlantis and Quantum until the loans from United RL are paid off. As you know, both Messrs. Brenner and Parris testified that United RL received a security interest in the medical receivables, which Mr. Parris testified was memorialized in a security agreement. We have not received any such security agreement.
- Documents demonstrating personal liability for the United RL loans by the doctors or the doctor groups. Mr. Parris testified that such personal liability existed, but no related documents have been produced.

Request No. 2: All executed agreements between any "Borrower" (as defined in the United RL PPM) and Nexus Laboratory Management Systems, LLC ("Nexus").

As I wrote in my November 11 email to you, and told Nathan on November 13, your November 9 response that "[t]here are no responsive documents, as no borrowers had loan agreements with Nexus," is not correct. We did not ask for "loan agreements," rather "all executed agreements" between any Borrower (Atlantis or Quantum) and Nexus. Mr. Parris has not produced any executed agreements between either Borrower and Nexus. Yet, based on his testimony and the document production to date, such documents should exist.

For example, we believe that at least the following responsive documents should exist:

- Any note/agreement in which Nexus agreed to guarantee Quantum's or Atlantis' debt to United RL (as described above).
- The medical receivables security agreement(s) (described above), which Mr. Parris testified Nexus was a party to.
- A services agreement between Nexus and each doctor group (a sample, unexecuted agreement was produced by First American Securities and discussed during testimony).

Request No. 3: All executed agreements between United RL and Nexus. If there are no such executed agreements, please state as such.

Mr. Parris has produced a couple of promissory notes between United RL and Nexus, but several other notes are missing, as described above. In addition to the promissory notes described above, based on Mr. Parris' testimony, we believe that the following should also exist:

- Promissory note between Nexus and United RL in connection with the original "private equity investors" (*i.e.*, investors who loaned money to finance an entire physician group). Mr. Parris testified that of the six "private equity investors," the first few loaned money to United RL, who then loaned that money to Nexus. Nexus and United RL executed agreements reflecting those loans at a 13% interest rate to United RL.
- An agreement between United RL and Nexus detailing the "parameters of their continuing, independent and concurrent operations," as set forth on page 9 of the United RL PPM and confirmed by Mr. Parris during testimony.

Request No. 4: All executed agreements between Nexus and Christopher Parris, including the loan agreement and promissory note for the estimated \$500,000 capital contribution made by Parris.

Mr. Parris produced a Promissory Note dated April 29, 2015 between Nexus and Lucian Development LLC (FAS 2750-2751). I assume this Note was produced in response to Request No. 4. Mr. Parris testified that he made a \$500,000 personal capital contribution to Nexus, which is significantly more than the \$380,000 Note produced. In addition, the Note produced was signed by Lucian Development, not Mr. Parris personally as he testified. Please confirm that the only document responsive to this request is the \$380,000 Note.

Request No. 5: The bank statements of United RL from inception through the present date.

Mr. Parris produced redacted bank statements from March 2015 to August 2015. As you know, FINRA never agreed that production of the redacted documents was sufficient, but was reserving judgment depending on the nature and scope of the remaining document production. Given the outstanding document production described in this letter, the materiality of these bank statements, and additional questions raised by the document production and Mr. Parris' testimony, *unredacted* bank statements are indeed necessary and must be produced to comply with this request.

Request No. 6: Please provide documentation demonstrating that all current interest payment obligations from United RL were paid to investors.

Mr. Parris produced some evidence of interest payments to investors, but it is incomplete. For the six investors who were housed at Pensco or Sunwest, Mr. Parris produced no documents demonstrating interest payments were made.

Request No. 8: All executed agreements between Percipience and Berkeley Development, including the line of credit agreement.

Mr. Parris has produced the Line of Credit Agreement between Percipience and Berkeley (FAS 2584-2587). Please confirm that there are no other executed agreements between Percipience and Berkeley.

Request No. 9: Provide documentation demonstrating any draws on the Percipience line of credit by Berkeley Development, including the amount and date of the draws.

Mr. Parris produced what appears to be a handmade spreadsheet reflecting draws on the line of credit by Berkeley (FAS 2748-2749) (the "Spreadsheet"). But, the backup for this Spreadsheet is incomplete, and in some instances contradicted by other documents. For instance, there is no back up for the draws listed on January 15, 2015 and February 5, 2015.

In addition, the Spreadsheet indicates that Berkeley drew \$2,606,674.28 from the line of credit. Yet the Percipience bank statements reflect \$3,316,439 in transfers from Percipience to Berkeley (via wire transfers or checks). Based on the bank records, there are several transfers to Berkeley from Percipience that are not listed on the Spreadsheet, including the following:

- \$435,750.00, 9/23/2013 wire to Berkeley Development
- \$195,100.00 9/26/2013 wire to Berkeley Development
- \$84,000.00 9/30/2013 wire to Berkeley Development
- \$87,000.00 10/9/2013 wire to Berkeley Development
- \$84,000.00 10/28/2013 wire to Berkeley Development
- \$21,848.12 10/29/2013 wire to Berkeley Development
- \$2,023.64 10/31/2013 wire to Berkeley Development
- \$34,845.55 1/13/2014 check to Berkeley Development

Until FINRA receives a *complete and accurate* list of draws by Percipience, with the date of the draw and the associated interest, and with verifiable backup data, this request will remain incomplete.

Request No. 10: Provide documentation demonstrating any repayment(s) made by Berkeley Development to Percipience, including the interest payment or other fees paid by Berkeley Development to Percipience.

On December 2, 2015, Mr. Parris produced bank statements (non-escrow) for Percipience from September 2013 to September 2015, which show \$1,131,220.90 in transfers of monies from Berkeley to Percipience. The production of bank statements is insufficient for several reasons.

First, there are deposits into the Percipience bank account for which the depositor is unidentified, as follows: (1) 1/15/14 for \$27,000, (2) 1/23/14 for \$20,000, and (3) 3/14/14 for \$57,000. Therefore, it is unclear whether these represent additional repayments on the loan from Berkeley to Percipience, or whether another party transferred money to Percipience.

More significantly, by producing only the bank statements, FINRA is unable reconcile how much of the principal and interest was paid, and how much of the principal and interest is still owing. The failure to identify which payments from Berkeley relate to which specific Berkeley draw is significant in light of the terms and structure of the loan and draws, as set forth the line of credit agreement. As of the date of this letter, Mr. Parris has not demonstrated which draws were repaid, how much principal versus interest was repaid, and how much of the line of credit remains outstanding, both in terms of principal and interest.

Request No. 11: Provide documentation demonstrating that all interest payment obligations have been made to each Percipience investor pursuant to the respective subscription agreement.

Mr. Parris produced some evidence of interest payments to investors, but the production is incomplete. First, there is very little documentation regarding 2015 interest payments. Specifically, Mr. Parris produced documents demonstrating January 2015 interest payments for only five investors, and no documents

demonstrating interest payments in July 2015. With respect to 2014, there is no documentation of interest payments paid to 20 investors. I can provide the names of those investors to you upon request. This problem is, in part, due to the fact that although Mr. Parris provided cancelled checks for some of the checks written out of the Percipience bank account demonstrating payments to some investors, he failed to provide copies of *all* cancelled checks in the account. FINRA needs copies of *all* cancelled checks for all bank statements produced by Mr. Parris. In addition, for the investors whose securities were custodied by Pensco, the bank statements show wires to Pensco, but there is no documentation correlating the wires to Pensco with any particular investor.

Request No. 13: The bank statements of Percipience from May 2013 through the present date.

Mr. Parris produced Percipience bank statements from September 2013 through September 2015. Based on our review of the bank statements, it appears that the account was opened prior to September 2013, therefore, pre-September 2013 bank statements are missing.

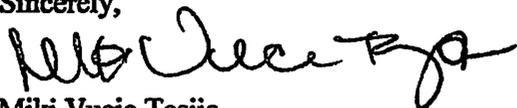
Request No. 15: The transaction documents relating to the "private equity" investors of United RL, including the notes issued to the investors and any account statements.

In your November 9 email, you state "Mr. Parris is not producing these. These transactions were not done through the BD, or anyone associated with the BD." This is unacceptable. The documents should be in the possession, custody or control of Mr. Parris. As you know, FINRA believes that Mr. Parris is an "associated person" under FINRA Rules. Therefore, any documents that are in the possession, custody or control of Mr. Parris are subject to Rule 8210 jurisdiction.

The above is not intended to be an exhaustive list of documents responsive to these requests which have not been produced. To the contrary, we cannot possibly know the universe of responsive documents – only Mr. Parris knows that information. By this letter, I am setting forth documents which I believe are missing from the production based on a review of the existing documents, and Mr. Parris' testimony.

If you have any questions or wish to discuss this letter, please feel free to contact me.

Sincerely,



Miki Vucic Tesija
Senior Regional Counsel

MVT/kh

Exhibit G

January 19, 2016

VIA EMAIL

Miki Vucic Tesija
Senior Regional Counsel
FINRA Department of Enforcement
Chicago District Office
55 West Monroe Street
Suite 2700
Chicago, IL 60603-5052

RE: FINRA Examination No. 20150460564

Dear Ms. Tesija:

This letter is in response to your January 6, 2016 correspondence outlining certain identified "deficiencies" in Mr. Parris' responses to your 8210 Request dated September 15, 2015 (the "Request").

I appreciate your attempt to clarify the information you believe outstanding. For clarity, this letter sets forth each of the individual Requests you have identified as needing further action, followed by Mr. Parris' response. If additional documents are being provided for a particular item, that is noted as well.

Request No. 1: All executed agreements between any "Borrower" (as defined in the United RL Placement Memorandum) and United RL.

In your correspondence, you specifically identify several subsets of documents you believe are still outstanding. I will address each of those, in turn.

First, you note that "Mr. Parris has not provided a note or loan agreement *signed by Atlantis* which document he confirmed existed during testimony." With all due respect, the document FINRA believes missing was produced by Mr. Parris on September 4, 2015 and is bates-identified FAS-002278-2281, with Atlantis' signature appearing on page FAS-002281.

Second, you state that "The Nexus-URL note above states that Nexus is not responsible for the payment of the principal. This is contrary to Mr. Parris' testimony that Nexus was in fact contractually responsible for the Atlantis debt as a guarantor at a rate of 10% per annum."

Miki Vucic Tesija
January 19, 2016
Page 2

To understand the 10% obligation, one must consider several documents together. As stated in the Revolving Promissory Note entered into between Nexus and URL, any time Nexus borrows money from URL, interest is accrued on the outstanding principal at a rate of 10% per annum. (FAS-002753-2754, Section III). With regard to the Atlantis Promissory Note (FAS-002778-81), Atlantis borrowed \$1,500,000 and was responsible for 4% of the interest. Nexus, under the terms of Revolving Promissory Note, was responsible for the remaining 6%, bringing the total interest to 10%.

Third, you note, “we have no documents demonstrating Nexus’ guarantee of Quantum’s debt.” This is evidenced by the Quantum Note (FAS-2279-2280) and the Revolving Promissory Note (FAS-002753-2754). Beyond this, no documents exist.

Fourth, with regard to documents actually evidencing a security interest, no documents exist. The PPM states that URL will receive a security interest in the medical receivables. The security interest, however, does not come into being until the medical receivables come into being. Because those receivables do not yet exist, the security interest does not exist. Nor does a security agreement (regarding to the non-existent receivables) exist. If and when that changes, responsive documents may come into existence.

Finally, with respect to Request 1, your letter notes that “Mr. Parris testified that such personal liability existed [referring to liability by the doctors/doctor groups for the URL loans] but no related documents have been produced.” Mr. Parris’ testimony, as to liability, referred to the Promissory Notes executed by the doctor groups, and already produced to you. Beyond that, no further documents exist.

**Request 2: All executed agreements between any “Borrower”
(as defined in the United RL PPM) and Nexus Laboratory
Management Systems, LLC (“Nexus”).**

Aside from the loan agreements, discussed in your letter, the only other agreements between Nexus and any borrower were the lab services agreements. The lab services agreements are maintained at the laboratories themselves. Mr. Parris has requested those documents and is awaiting their transmission. Mr. Parris has informed us the lab is scanning them now for transmission. We expect to produce them before the end of the day.

Beyond that, with regard to the specific examples of documents listed in your letter, either no documents exist, or all responsive documents have been provided. With regard to the note/agreement containing a Nexus guarantee of Quantum’s or Atlantis’ debt to URL, that issue is addressed in response to No. 1, above. All responsive documents have all been produced.

Miki Vucic Tesija
January 19, 2016
Page 3

With regard to the medical security agreement(s), as stated above, no such documents exist.

Request 3: All executed agreements between United RL and Nexus. If there are no such executed agreements, please state as such.

All documents responsive to this request have been produced. The only agreement between URL and Nexus is the Revolving Promissory Note (FAS-002753-2754), discussed above.

Request 4: All executed agreements between Nexus and Christopher Parris, including the loan agreement and promissory note for the estimated \$500,000 capital contribution made by Parris.

The \$380,000 Note referenced in your letter is the only responsive document. Mr. Parris, during his OTR testimony, *estimated* that the amount was \$500,000. Upon review of the documents, however, it became clear that his estimate was higher than the actual amount of \$380,000. Lucian Development is an entity owned and operated by Mr. Parris. When he referred to being “personally liable,” he was referencing Lucian’s obligation, understanding himself to be ultimately responsible for that amount.

Request 5: The bank statements of United RL from inception through the present date.

Mr. Parris has voluntarily provided FINRA with the documents relevant to the issuances under examination. URL did not come into existence until March of 2015. Therefore, bank statements created before March 2015 have zero relevance or relation to the facts and circumstances subject to this examination. As Mr. Parris has made clear, he objects to the scope of the request.

Further, it is clear that your basis for demanding the production of the redacted information is based entirely on your conclusion that Mr. Parris has withheld or otherwise failed to produce information to you. As stated herein, however, Mr. Parris has fully complied with each of your request, and has produced all information in his possession or control. The “deficiencies” or “questions” upon which this improper, unfounded, and untimely demand is made, do not exist. Mr. Parris has provided the information sought, on a purely voluntary basis, in order to assist you in concluding this examination. Mr. Parris stands by his prior objections.

Miki Vucic Tesija
January 19, 2016
Page 4

Request 6: Please provide documentation demonstrating that all current interest payment obligations from United RL were paid to investors.

Mr. Parris previously provided documentation for those investors whose payments were transmitted via check (as the cancelled checks were provided to him along with the statements). The records of payments made via wire transfer were only recently received, and are being provided along with the correspondence, bates identified as FAS003087.

Request 8: All executed agreements between Percipience and Berkeley Development, including the line of credit agreement.

No further agreements exist beyond those already produced.

Request 9: Provide documentation demonstrating any draws on the Percipience line of credit by Berkeley Development, including the amount and date of the draws.

All supporting documents in Mr. Parris' possession, custody or control have been produced. To ensure completeness, however, the statements are produced, again, with this correspondence at bates FAS002857-3071. Mr. Parris has also updated his spreadsheet, which did not include the wire transfer amounts (Bates FAS-003089-3091). Beyond this, there are no further documents in Mr. Parris's possession, custody or control, and his production on this item is complete.

Request 10: Provide documentation demonstrating any repayment(s) made by Berkeley Development to Percipience, including the interest payment or other fees paid by Berkeley Development to Percipience.

All of the responsive information – the bank statements – has been produced. In order to resolve FINRA's confusion as to the allocation between principal and interest, Mr. Parris would be required to create a document – something which is outside the parameters of Rule 8210 (even if Rule 8210 applied to Mr. Parris). Mr. Parris maintains that such a request is improper and beyond the scope of FINRA's authority. Nevertheless, in continued cooperation with this examination, he has agreed to voluntarily produce a spreadsheet to aid FINRA in its analysis. (Bates FAS003092-3095).

Request 11: Provide documentation demonstrating that all interest payment obligations have been made to each

Miki Vucic Tesija
January 19, 2016
Page 5

Percipience investor pursuant to the respective subscription agreement.

See bates nos FAS003088 and FAS002857-3032. Beyond that, no further responsive documents exist.

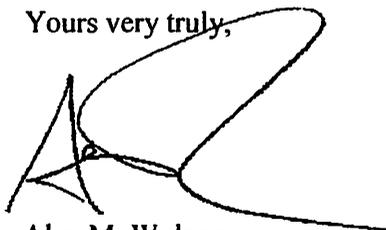
Request 13: The bank statements of Percipience from May 2013 through the present date.

There are no pre-2013 bank account statements for the Percipience account. Prior to September 2013, there was only the escrow account (and all escrow account statements have been produced). Accordingly, there are no further documents responsive to this request.

Request 15: The transaction documents relating to the "private equity" investors of United RL, including the notes issued to investors and any account statements.

For the same reasons set forth in response to Request 5, above, Mr. Parris maintains his prior objection to production of this information. Further, Mr. Parris rejects FINRA's self-serving conclusion that he is subject to Rule 8210 jurisdiction.

Yours very truly,

A handwritten signature in black ink, appearing to be 'A. Wolper', with a large, sweeping flourish extending to the right.

Alan M. Wolper

Enclosures

Exhibit H

ulmer | berne | llp

ATTORNEYS

ALAN M. WOLPER
partner

direct 312.658.6564
direct fax 312.658.6565
awolper@ulmer.com

January 19, 2016

**VIA EMAIL AND
OVERNIGHT DELIVERY**

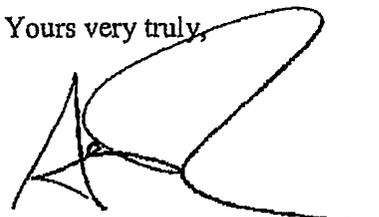
J. Bradley Bennett
Executive Vice President
Enforcement
c/o Sandra J. Harris
300 South Grand Avenue
Suite 1600
Los Angeles, CA 90071
Sandra.harris@finra.org

RE: FINRA Examination No. 20150460564

Dear Mr. Bennett,

Pursuant to Rule 9552(f), Mr. Parris hereby requests that the suspension imposed upon him on November 9, 2015 be terminated on the grounds that he has fully complied with FINRA's 8210 requests. In support of this request, please see the attached statement of Mr. Parris as well as the attached letter sent to Enforcement, via email, today.

Yours very truly,



Alan M. Wolper

Enclosures

CC: Miki Vucic Tesija (via email only)

600 WEST MADISON STREET, SUITE 3600
CHICAGO, ILLINOIS 60661-4587

firm
312.658.6500

fax
312.658.6501

internet
www.ulmer.com

CLEVELAND

COLUMBUS

CINCINNATI

CHICAGO

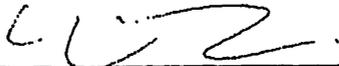
Mr. Bennett

During the course of Examination No. 20150460564, I was summarily suspended pursuant to Rule 9552 for failure to respond to certain requests issued by FINRA Staff pursuant to Rule 8210. Throughout the examination, I have made clear to FINRA that, because I am neither an associated person, nor registered with FINRA, I am not subject to Rule 8210 (and, in turn, cannot be penalized for failing to comply with that rule). Nonetheless, I agreed to produce documents relevant to the examination on a voluntary basis. I also agreed to voluntarily appear and testify on the record as to the underlying facts.

On October 16, 2015, I was served with a notice of suspension for failure to provide FINRA with the documents they sought. At that time, I had provided all documents in my possession, and was awaiting the production of information from third parties (banks). I informed FINRA that I would provide this third-party information when it was received.

On January 6, 2016, Ms. Tesija, the enforcement attorney on this matter, sent a letter detailing the information she believed to remain outstanding. Enclosed is my response to her request. As you will see, for many of the requests, I do not possess any further information. For others, I am providing, as promised, materials received from third-parties (checks and wire receipts). On still others, I have agreed to update or create spreadsheets to aid in their review.

In light of this, as stated in the enclosed response letter, my production on the outstanding requests is complete. I have complied with the Notice of Suspension and, therefore, respectfully request that the suspension be terminated.



Christopher A. Parris

Exhibit I



Financial Industry Regulatory Authority

Brad Bennett
Executive Vice President

VIA OVERNIGHT DELIVERY AND EMAIL: AWOLPER@ULMER.COM

January 21, 2016

Alan M. Wolper
Ulmer Berne LLP
500 West Madison St., Suite 3600
Chicago, IL 60661-4587

Re: **FINRA Examination No. 20150460564**

Dear Mr. Wolper,

This letter is in response to your January 19, 2016 letter requesting termination of suspension of Christopher A. Parris under FINRA rule 9552(f). Under that rule, as the head of the FINRA department that issued the Rule 9552 suspension notice (copy of the October 16, 2015 notice attached), the Executive Vice President of Enforcement has the authority to grant relief from the suspension that was effective against your client on November 9, 2015, for good cause shown. I am not aware of any facts that would constitute good cause to terminate the suspension, and therefore I am unable to grant your request for relief.

I am informed by the staff that your client has not responded to at least two request items (Request 5 and Request 15). With respect to the other items, the staff is working to determine whether your client's last minute response dated January 19, 2016 is sufficient to satisfy those requests.

Kindest regards,

J. Bradley Bennett
Enforcement

Enclosure: 18 pages; Notice of Suspension_Christopher A. Parris, CRD no. 4552325_Matter no. 20150460546_10-16-2015

Exhibit J



Financial Industry Regulatory Authority

VIA E-MAIL TO AWOLPER@ULMER.COM AND CERTIFIED AND FIRST CLASS MAIL

January 21, 2016

Mr. Christopher A. Parris
c/o Alan M. Wolper, Esq.
Ulmer & Berne LLP
500 West Madison Street, Suite 3600
Chicago, IL 60661

Re: Bar from Association with any FINRA member (FINRA Rule 9552)
Christopher A. Parris, CRD No. 4552325
Matter No. 20150460564

Dear Mr. Parris:

Please be advised that, pursuant to FINRA Rule 9552(h) and, in accordance with FINRA's Notice of Suspension letter dated October 16, 2015 and the Suspension from Association letter dated November 9, 2015, you were barred from associating with any FINRA member in any capacity on January 19, 2016.

If you seek to appeal this regulatory action to the U.S. Securities and Exchange Commission (SEC), you must file an application with the SEC at the address listed below. To comply with the SEC's rule regarding timeliness, you must file the application for review within thirty days of your receipt of this letter. Also, a copy of the application, as well as copies of all documents you file with the SEC in connection with this matter, must be sent to FINRA. The SEC and FINRA addresses are as follows:

Office of the Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Mail Stop 1090
Washington, DC 20549

Alan Lawhead, Esq.
Office of General Counsel
FINRA
1735 K Street, NW
Washington, DC 20006

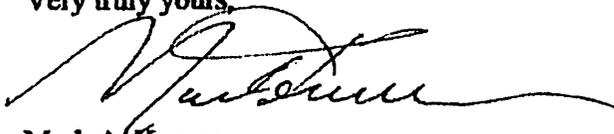
Any documents provided to the SEC via facsimile or overnight mail should also be provided to FINRA by similar means.

Mr. Christopher A. Parris
c/o Alan M. Wolper, Esq.
January 21, 2016
Page 2

If you file an application for review with the SEC, the application must identify the FINRA case number and set forth in summary form a brief statement of alleged errors in the determination and the supporting reasons. You must also include an address where you may be served and phone number where you may be reached during business hours. If your address or phone number changes, you must advise the SEC and FINRA. Attorneys must file a notice of appearance.

Questions regarding the appeal process may be directed to the Office of the Secretary at the SEC. The phone number of that office is (202) 551-5400.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark A. Koerner", written over a horizontal line.

Mark A. Koerner
Regional Chief Counsel

cc: Edward Wegener, Regional Director (District 8 - Chicago)

Exhibit K

1
2 FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
3 DEPARTMENT OF ENFORCEMENT
4 -----

5 In the Matter of:

6 FIRST AMERICAN SECURITIES Matter Number:
7 20150460564

8 Testimony of:

9 JOHN PICCARRETO, JUNIOR
10 -----

11 55 West Monroe Street
12 27th Floor
13 Chicago, Illinois 60603
14 August 28, 2015
15 9:30 a.m.

16 A P P E A R A N C E S:

17 For the Department of Enforcement:

18 SHAWN O'NEILL, Assistant District Director
19 MIKI VUCIC TESIJA, ESQ., Senior Regional Counsel
20 DEAN M. JESKE, ESQ., Deputy Regional Counsel
21 RYAN MCNEILLY, Assistant Principal Examiner
22 MARK L. NORMAN, Principal Examiner
23 JOSEPH OZAG, JUNIOR, Director,
24 Office of Fraud Detection

For the Witness:

21 ULMER BERNE, LLP
22 ALAN M. WOLPER, ESQ.
23 500 West Madison Street, Suite 3600
24 Chicago, Illinois 60661
312.658.6564

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I N D E X

WITNESS	EXAMINATION
JOHN PICCARRETO, JUNIOR	
By Ms. Tesija	5
By Mr. O'Neill	12
By Mr. Jeske	21
By Mr. Ozag	43

E X H I B I T S

NUMBER	IDENTIFICATION
JOHN PICCARRETO, JUNIOR	
Exhibit No. 42	5
Exhibit No. 43	11
Exhibit No. 44	75

1 A. It's called, FIG. They're the insurance
2 FMO that we do all our insurance business through.

3 Q. I'm sorry. Could you -- does FMO stand
4 for something?

5 A. Yeah, but I really don't -- I'm not quite
6 sure what it exactly stands for something.

7 Q. And same question for FIG, does that stand
8 for something?

9 A. I really don't know what that stands for
10 either.

11 Q. Are these terms specific to the insurance
12 industry or --

13 A. Yes.

14 Q. -- is it securities business?

15 A. Insurance.

16 Q. Insurance industry?

17 A. Yeah.

18 Q. Who hired you at First American
19 Securities?

20 A. Chris.

21 Q. And what was it -- what was the -- what
22 prompted you to take the position at First American
23 Securities?

24 A. Like I said, I wanted to just start

Exhibit L

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**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
DEPARTMENT OF ENFORCEMENT**

-----x

In the Matter of:

**FIRST AMERICAN SECURITIES, INC. Matter Number:
20150460564**

Testimony of:
THOMAS BRENNER

-----x

**55 West Monroe Street
Suite 2600
Chicago, Illinois**

**August 12, 2015
9:35 a.m.**

A P P E A R A N C E S:

For the Department of Enforcement

**MIKI VUCIC TESIJA, ESQ., Senior Regional Counsel
DEAN M. JESKE, ESQ., Deputy Regional Chief Counsel
JOSEPH OZAG, JR., Director
Office of Fraud Detection and Market Intelligence**

**SHAWN O'NEILL, Associate District Director
MARK L. NORMAN, Principal Examiner
RYAN MCNEILLY, Associate Principal Examiner**

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A P P E A R A N C E S (Cont.):

For the Witness:

ULMER BERNE LLP

500 West Madison Street

Suite 3600

Chicago, Illinois 60661-4587

ALAN M. WOLPER, ESQ.

1 THOMAS BRENNER

2 A. He floats.

3 Q. What does that mean?

4 A. He's based out of Rochester, New York;
5 but, you know, if there's a client in South Carolina
6 or client in whenever, then he goes and meets with
7 them there. He doesn't have a physical office
8 location.

9 Q. Currently, Tom, what is the payout
10 structure for your brokers?

11 A. 40 percent.

12 Q. 40 percent to the brokers, 60 percent to
13 the house?

14 A. Correct.

15 Q. Is that going to change?

16 A. No.

17 Q. In the event you do an independent
18 contractor model, will that change?

19 A. Oh. Yes.

20 Q. What will that model be under independent
21 contractor model?

22 A. I don't know. We haven't put that
23 together yet.

24 Q. Who is going to put that together?

25 A. Me.

1 THOMAS BRENNER

2 Q. By yourself?

3 A. Yeah.

4 Q. Will you need to get approval once you --

5 A. I'll probably talk about it with Chris, me
6 and the owner, because he's the owner; but a final
7 decision I'll make. Well, I should -- I will
8 probably run it by Jay too to get his opinion.

9 But I haven't even -- we just kind of got
10 through that transition and we had this net cap
11 issue trying to address, deal with this. I really
12 haven't had a chance to sit down and tackle that
13 project yet.

14 Q. Have there ever been instances where you
15 talked or raised anything with Chris where he's
16 disagreed with you?

17 A. No.

18 Q. Do you have any salaried employees?

19 A. First American?

20 Q. Yes.

21 A. No.

22 BY MS. TESIJA:

23 Q. Do you have any admins?

24 A. Yes. They're paid by Wayne Diversified.

25 Q. So who is your admin?

1 **THOMAS BRENNER**

2 A. That was would be Shannon, Sara, and
3 Stacy.

4 Q. Shannon?

5 A. Aman, A-m-a-n.

6 Q. Okay. And then?

7 A. Sara Glaspell, G-l-a-s-p-e-l-l. And Stacy
8 DeArment. That's spelled D-e-A-r-m-e-n-t.

9 Q. So they're admins for the broker-dealer?

10 A. Correct.

11 Q. But they're paid by Wayne Diversified?

12 A. Correct.

13 Q. Where are they located?

14 A. Orrville.

15 **BY MR. JESKE:**

16 Q. Why are they paid by Wayne Diversified and
17 not by the broker-dealer?

18 A. Because when it was originally set up,
19 Wayne bought the book of business and Wayne paid
20 them to do, in a sense, the branch; but since I've
21 kind of taken over the role of the CEO, they help
22 with, you know, the back office of First American.

23 Q. Are they registered?

24 A. Yes, they are.

25

1 THOMAS BRENNER

2 BY MS. TESIJA:

3 Q. Who supervises them?

4 A. I do.

5 Q. Are you their boss or is someone at Wayne
6 Diversified their boss?

7 A. Well, technically Chris is their boss, but
8 for all intents and purposes they take instruction
9 from me.

10 But they're not -- when you say
11 "registered," they're not licensed. They're not,
12 like, Series 7 or anything. They're just admin.

13 Q. They're fingerprinted?

14 A. Yes.

15 BY MR. JESKE:

16 Q. Are they employees of Wayne Diversified?

17 A. Yes.

18 BY MS. TESIJA:

19 Q. How do you know that?

20 A. Because I know their paychecks come from
21 Wayne Diversified.

22 Q. Were you involved at all in the decision
23 to hire them?

24 A. Yes.

25 Q. But who hired them though?

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THOMAS BRENNER

A. I hired them for Wayne Diversified.

BY MR. JESKE:

Q. Does Chris have the authority to fire them?

A. Yes.

Q. What kind of things do those people do?

A. Process applications, answer the phones, you know, they -- if, you know, I can give them instructions that say, hey, so-and-so needs moneys out of their Southwest account, who is our clearing house, you know, send them out \$3,000 or whatever that example might be.

Sara, for example, will calculate the RMDs for clients, make sure that they're taking their required minimum distribution out of their IRAs.

They'll prepare portfolio reviews when I do those. So they'll put those together for me. Any mailings that go out, Stacy would be in charge of that.

So those are the kind of admin things they do.

Q. Do they ever handle customer funds?

A. No. I normally handle that.

Q. You sort of qualify your answer by saying

1 THOMAS BRENNER

2 "normally." Are there ever circumstances where the
3 admins handle customer funds?

4 A. Yeah, a customer will come in, here's a
5 check, they'll bring it back to me for me to
6 process. So I guess when you consider that handling
7 funds.

8 Q. I do.

9 A. Yeah.

10 BY MR. OZAG:

11 Q. Who determines the terms of their
12 compensation?

13 A. Wayne, Wayne Diversified.

14 Q. Who on behalf of Wayne Diversified made
15 that determination?

16 A. Say that again.

17 Q. Who did that on behalf of Wayne
18 Diversified?

19 A. Chris.

20 MR. JESKE: Are we at any sort of breaking
21 point?

22 MR. O'NEILL: We can.

23 MR. JESKE: If we are not at a natural
24 breaking point, it sort of seems like we should take
25 a lunch break at some point here.

1 **FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)**
2 **DEPARTMENT OF ENFORCEMENT**

3 _____ X
4 **In the Matter of:**

5 **FIRST AMERICAN SECURITIES**

6 **Matter Number:**

7 **20150460564**

8 **Testimony of:**

9 **THOMAS BRENNER**

10 _____ X
11 **55 West Monroe Street**

27th Floor

12 **Chicago, Illinois 60603**

13 **August 13, 2015**

10:00 a.m.

14
15 **APPEARANCES:**

For the Department of Enforcement:

16 **MR. SHAWN O'NEILL, Assistant District Director**

MS. MIKI VUCIC TESIJA, Senior Regional Counsel

17 **MR. DEAN M. JESKE, Deputy Regional Counsel**

MR. RYAN MCNEILLY, Assistant Principal Examiner

18 **MR. MARK L. NORMAN, Principal Examiner**

MR. JOSEPH OZAG, JUNIOR, Director,

Office of Fraud Detection

19
20
21 **For the Witness:**

ULMER BERNE, LLP

22 **MR. ALAN M. WOLPER**

500 West Madison Street, Suite 3600

23 **Chicago, Illinois 60661**

(312) 658-6564

E X H I B I T S

1		
2	NUMBER	IDENTIFICATION
3	Exhibit No. 10	64
4	Exhibit No. 11	153
5	Exhibit No. 12	165
6	Exhibit No. 13	181
7	Exhibit No. 14	182
8	Exhibit No. 15	210
9	Exhibit No. 16	213
10	Exhibit No. 17	214
11	Exhibit No. 18	220
12	Exhibit No. 19	232
13	Exhibit No. 20	233
14	Exhibit No. 21	244
15	Exhibit No. 22	246
16	Exhibit No. 23	252
17	Exhibit No. 24	257
18	Exhibit No. 25	260
19	Exhibit No. 26	266
20	Exhibit No. 27	273
21	Exhibit No. 28	275
22	Exhibit No. 29	281
23	Exhibit No. 30	283
24	Exhibit No. 31	295

1 Q. Did you have any discussion with him about
2 the United RL offering and whether you needed to do
3 this through the broker-dealer or away from the
4 broker-dealer?

5 A. No. I just -- you know, Chris said, hey,
6 you know, you just need to file it as an OBA. So I
7 filled out an OBA, got it to John, said we're going
8 to do this offering as an OBA, you know, and here's
9 my OBA that I'm submitting.

10 FURTHER EXAMINATION

11 BY MS. TESIJA:

12 Q. So is it fair to say that you did it as an
13 OBA because that's what Chris told you to do?

14 A. Yes.

15 FURTHER EXAMINATION

16 BY MR. O'NEILL:

17 Q. When you discussed that with John as --
18 with respect to doing this as an OBA, what did he
19 say to you?

20 A. Okay. Send it over and I'll file it.

21 Q. Did he ask you to describe your role or
22 the nature of the outside business?

23 A. He did not.

24 Q. Did he ask you if this outside business

1 would consist of any securities transactions?

2 A. He did not.

3 Q. Did he ask you if there would be any
4 investor money being raised with respect to this
5 OBA?

6 A. He did not.

7 FURTHER EXAMINATION

8 BY MR. JESKE:

9 Q. Mr. Brenner, did you have any discussions
10 with Mr. Parris about how your compensation in
11 connection with United RL offering would be
12 impacted by the fact that it wasn't going to be run
13 through the firm?

14 A. I did.

15 Q. Can you describe that for us?

16 A. I said -- I asked him about, well, how
17 does the -- you know, if I'm doing this outside
18 business activity, means nothing's going to go
19 through the broker-dealer. He said, that's --
20 that's correct. And I said, well, you know, how,
21 you know, I'm questioning then how, you know, it's
22 really fair to the broker-dealer.

23 And he said, well, because we own the
24 broker-dealer, we don't care if it goes through the

1 in the San Antonio area. Do you know specifically
2 what he was helping Chris with?

3 A. I do not.

4 Q. Did you ever ask John what he was helping
5 Chris with?

6 A. Not specifically, no. Just in this one
7 case, because I saw he was the financial advisor,
8 and I hadn't seen any applications or anything from
9 him. And I saw him as the financial advisor, and I
10 said did you sell this. He said, no, that's
11 Chris's client. I helped Chris sell this. That
12 was really an indication to me at that point that
13 he was helping or assisting Chris in a sense of
14 this process.

15 Q. Where is Chris -- do you know where Chris
16 lives?

17 A. Yeah, Chris lives -- his home base is at
18 Atlanta. That's where he lives, but he's in
19 Michigan one day, New York the next, and he's all
20 over the place.

21 Q. Do you know if United RL or have you seen
22 any other United RL statements designating John
23 Piccarreto besides the Degenhardt statements?

24 A. No, this was the only one I've seen.

FURTHER EXAMINATION

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BY MS. TESIJA:

Q. Are you aware of any other customers that Mr. Piccarreto assisted with the selling process?

A. Probably his parents, that he probably assisted, but that's all I would know.

FURTHER EXAMINATION

BY MR. JESKE:

Q. How is it Mr. Piccarreto came to be a registered rep at United RL?

A. Through Chris Parris.

Q. He hired him?

A. Uh-huh.

Q. Yes?

A. Yes.

MR. OZAG: You asked Piccarreto --

BY MR. JESKE:

Q. I meant First American Securities. If I misspoke, that's what I meant.

So Mr. Parris hired John Piccarreto to be a rep at First American?

A. Yes.

FURTHER EXAMINATION

BY MR. OZAG:

1 Q. Did Chris hire any other registered reps
2 at First American?

3 A. Yes. There's a Steve Coffee who is still
4 with us. I will tell you he works more with Perry
5 because Perry does the interest business, refers
6 securities business to Coffee. Chris had brought
7 on -- what was his name? I'm trying to remember
8 the guys he brought on. He kind of worked with
9 John Piccarreto getting up and running.

10 FURTHER EXAMINATION

11 BY MS. TESIJA:

12 Q. Were you involved in all of that process?

13 A. Very little.

14 Q. What did you say?

15 A. Very little.

16 FURTHER EXAMINATION

17 BY MR. OZAG:

18 Q. Did Mr. Piccarreto ever file any kind
19 notice with you or First American Securities
20 regarding United RL as an outside business
21 activity?

22 A. He did not.

23 Q. How about related to any private
24 securities transactions that he may have been

1 involved with involving United RL, did
2 Mr. Piccarreto make any notification to you or
3 First American Securities?

4 A. No.

5 FURTHER EXAMINATION

6 BY MR. JESKE:

7 Q. Mr. Brenner, I'm just going to read you a
8 couple of names. I want you to tell me --

9 A. Good, okay.

10 Q. -- if Mr. -- Mr. Parris hired these
11 individuals to be registered reps at First
12 American.

13 Kyle Patrick Sleaseman.

14 A. That was one that Perry had brought on
15 to -- same concept, Perry Santillo, the other owner
16 of the BD, had brought him on to again as he's
17 doing insurance business if there is a securities
18 business that needs to be done, he refers it to
19 him.

20 Q. You weren't involved in Mr. Sleaseman
21 being hired?

22 A. No.

23 Q. Joshua Michael Demille?

24 A. That's the guy I couldn't remember.

1 That's Chris Parris.

2 Q. He hired Mr. Demille?

3 A. Correct.

4 Q. You weren't involved in that?

5 A. I was not. D-e-m-i-l-l-e, is that
6 correct?

7 Q. Yes.

8 Is Mr. Piccarreto related to Mr. Parris in
9 any way?

10 A. No.

11 Q. Is he related to anyone?

12 A. He is.

13 Q. Associated?

14 A. He is Perry's cousin.

15 Q. Got you.

16 Thank you.

17 MR. O'NEILL: Tom, I'm handing you what is
18 being marked as Exhibit Number 12.

19 (WHEREUPON, Exhibit No. 12 was
20 marked for identification.)

21 FURTHER EXAMINATION

22 BY MR. O'NEILL:

23 Q. It is a two-page document, cover page
24 consists of a copy of an e-mail from Shannon Aman

1 again to John Piccarreto, dated Thursday, July 2,
2 2015. And if you can look at the attachment for
3 me, there is a copy of a customer statement from
4 United RL that's issued to John Piccarreto as an
5 owner in the investment.

6 Did you know that Mr. Piccarreto was an
7 owner in the URL private offering?

8 A. I think that's his dad. That was the
9 other one I was referring to earlier.

10 Q. And if we look further down, it shows
11 \$175,000, a 10 percent rate for 120 days. Does
12 this refer to the fact that he would have gone
13 private equity?

14 A. Correct, it would.

15 Q. So -- so Sunwest would also receive
16 information on the individuals who went to private
17 equity with respect to qualified funds?

18 A. Correct. This wasn't qualified, but that
19 would be correct.

20 Q. This wasn't qualified?

21 A. No.

22 Q. Got it?

23 FURTHER EXAMINATION

24 BY MR. OZAG:

Exhibit M

1 **FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)**
2 **DEPARTMENT OF ENFORCEMENT**

3
4 **In the Matter of:**

5 **FIRST AMERICAN SECURITIES**

6 **Matter Number:**

7 **20150460564**

8 **Testimony of:**

9 **DOMINIC SIWIK**

10
11 **55 West Monroe Street**

27th Floor

12 **Chicago, Illinois 60603**

13 **August 27, 2015**

9:30 a.m.

14
15 **APPEARANCES:**

For the Department of Enforcement:

16 **MR. SHAWN O'NEILL, Assistant District Director**

MS. MIKI VUCIC TESIJA, Senior Regional Counsel

17 **MR. DEAN M. JESKE, Deputy Regional Counsel**

MR. RYAN MCNEILLY, Assistant Principal Examiner

18 **MR. MARK L. NORMAN, Principal Examiner**

MR. JOSEPH OZAG, JUNIOR, Director,

19 **Office of Fraud Detection**

20
21 **For the Witness:**

ULMER BERNE, LLP

22 **MR. ALAN M. WOLPER**

500 West Madison Street, Suite 3600

23 **Chicago, Illinois 60661**

(312) 658-6564

I N D E X

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WITNESS

EXAMINATION

DOMINIC SIWIK

By Ms. Tesija

6

By Mr. Jeske

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By Mr. Ozag

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By Mr. O'Neill

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E X H I B I T S

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NUMBER

IDENTIFICATION

DOMINIC SIWIK

Exhibit No. 33	7
Exhibit No. 34	24
Exhibit No. 35	125
Exhibit No. 36	127
Exhibit No. 37	196
Exhibit No. 38	203
Exhibit No. 39	257
Exhibit No. 40	270
Exhibit No. 41	282

1 MS. TESIJA: It is August 27 at 9:35 a.m.
2 Can you please swear in the witness.

3 (WHEREUPON, the witness was
4 duly sworn.)

5 MS. TESIJA: Good morning. Could you please
6 state and spell your full name for the record.

7 THE WITNESS: Yes. It's Dominic Siwik,
8 D-o-m-i-n-i-c, S-i-w-i-k.

9 MS. TESIJA: Mr. Siwik, my name is Miki Vucic
10 Tesija. I'm senior regional counsel with FINRA's
11 Department of Enforcement in the midwest. I have
12 with me several people today, Shawn O'Neill who is
13 the assistant district director in the midwest
14 region, we have Joe Ozag, Dean Jeske, Ryan McNeilly
15 and Mark Norman.

16 Are you represented here today by counsel?

17 THE WITNESS: Yes, I am.

18 MS. TESIJA: Could you please identify your
19 attorney for the record?

20 THE WITNESS: Alan Wolper, to my right.

21 MS. TESIJA: I one just request I would make so
22 that the court reporter can hear you is if you
23 could speak a little louder.

24 THE WITNESS: Okay.

1 are synonymous. I do not believe they're two
2 independent firms.

3 FURTHER EXAMINATION

4 BY MR. O'NEILL:

5 Q. Dominic, while you were at Oak Street
6 Securities from July of 2010 to May of 2012, did
7 you conduct any securities business?

8 A. No.

9 Q. No securities business at all?

10 A. No.

11 FURTHER EXAMINATION

12 BY MR. JESKE:

13 Q. So you were registered there for almost
14 two years. What were you doing with that
15 registration?

16 A. Well, the -- again, the reason why I
17 registered there was because Chris and Perry were
18 going to purchase the broker-dealer; and then once
19 they purchased the broker deal, my objective was to
20 grow the broker-dealer, grow the firm.

21 Q. So were you -- was your registration just
22 there, and you were doing other business? I mean,
23 how were you supporting yourself and making money?

24 A. Yeah. I have other business interests,

1 yes.

2 Q. So your registration was just at Oak
3 Street Securities but not part of the securities
4 business?

5 A. Not securities business, no.

6 FURTHER EXAMINATION

7 BY MR. O'NEILL:

8 Q. Could you tell us what you were doing
9 during that time period to make a living?

10 A. I owned a nightclub. I owned an energy
11 drink company. And also, candidly, my wife works
12 and does very well.

13 Q. Those three areas were the source --

14 A. Yes.

15 Q. -- of your revenue?

16 A. Yes.

17 Q. And can you walk me through -- so the next
18 broker-dealer you registered with was First
19 American Securities. It appears that you became
20 registered with them in September of 2012 and most
21 recently left July of 2015. Could you walk me
22 through the decision to go to First American
23 Securities?

24 A. Yes. Upon the disengagement of Capstone,

1 Chris and Perry elected to purchase First American
2 Securities. So it was the same arrangement where I
3 would register at First American Securities. Chris
4 and Perry are not registered representatives.
5 They're insurance agents. So my objective was to
6 build and grow First American Securities, so I
7 registered at First American Securities to recruit
8 and grow the broker-dealer.

9 Q. So when you describe your objective to
10 build and grow the business at First American, was
11 that exclusively through a recruiting business?

12 A. Yes. Yeah, yeah. My -- my objective was
13 to recruit stockbrokers to First American
14 Securities.

15 **FURTHER EXAMINATION**

16 **BY MS. TESIJA:**

17 Q. Who was it that put you in that role with
18 respect to First American Securities?

19 A. Chris Parris.

20 Q. So Chris Parris hired you to do that
21 basically?

22 A. Yeah. Yes.
23
24

FURTHER EXAMINATION

1
2 BY MR. O'NEILL:

3 Q. So in your position as a recruiter for
4 First American Securities, how were you
5 compensated?

6 A. I was compensated with 5,000 a month.

7 Q. Did you conduct any securities business
8 while you were at First American Securities?

9 A. No.

10 FURTHER EXAMINATION

11 BY MR. OZAG:

12 Q. You said you were compensated 5,000 a
13 month; is that correct?

14 A. Correct.

15 Q. Was that pursuant to a written contract or
16 agreement?

17 A. I don't -- I don't recall if there was an
18 agreement or not.

19 Q. Who determined that your compensation
20 would be \$5,000 per month?

21 A. Chris Parris.

22 Q. And did he just tell you that's what we're
23 going to pay you?

24 A. Yes.

1 Q. And is that in fact what you got paid?

2 A. Yes, yes. However, there was an
3 additional incentive to for me to do this. The
4 incentive was if I could grow the broker-dealer as
5 I believe I could have, that I would receive
6 ownership in the broker-dealer. So that was my
7 motivation to put the effort that I put into
8 building First American Securities was to have
9 ownership in a broker-dealer.

10 Q. And who told you about that incentive?

11 A. Chris.

12 Q. Was that memorialized in writing?

13 A. No. No, that was not.

14 FURTHER EXAMINATION

15 BY MR. JESKE:

16 Q. Were there sort of specifics to that or
17 just a general, if you grow it, we'll talk about
18 you getting an equity --

19 A. Yes.

20 Q. -- interest?

21 A. Yes, yes. There wasn't a specific
22 threshold that benchmark defined, and I was
23 comfortable with that because I was confident in my
24 ability in making a difference, moving the needles

1 so to speak. And then, no -- you know, I'm sure
2 you won't mind this.

3 I'll make a quick digression why I felt
4 confident. Chris Parris, I deem him to be, you
5 know, a very person of high integrity, high morals.
6 He's extremely religious. The guy doesn't even
7 swear. So I felt confident I could trust him. So
8 I was very comfortable producing results first and
9 then sitting down and saying, hey, okay, let's talk
10 specifics now. So that was the effect of the
11 arrangement.

12 Q. But we should back up a step because it
13 sounds to me like you embarked on this plan with
14 Mr. Parris and Mr. Santillo, and it started with
15 Oak Street Securities. And that didn't work out,
16 and then it led to First American Securities.

17 So how did you first come to know
18 Mr. Parris and Mr. Santillo?

19 A. I met them roughly eight years ago
20 through -- I believe I met them in Detroit. I
21 believe it was through some business convention,
22 business network type gathering. I don't recall --

23 Q. And then --

24 A. -- exactly.

FURTHER EXAMINATION

BY MR. O'NEILL:

Q. I'm going to wrap up Exhibit Number 34, and if you could turn to Page 12 of that exhibit, please, and on Page 12 of the exhibit is the disclosure item that indicated that you were charged with carrying a concealed weapon. The reason I want to ask you about them is I want to know if there are any other disclosures that are relevant that haven't been disclosed.

Have you been the subject of any bankruptcies? Have you filed for any bankruptcy?

A. No.

Q. Are you the subject of any liens or judgments imposed by the IRS, State of Michigan or any other creditor?

A. No.

Q. Are there any other disclosures that you are aware of that aren't disclosed on here that should be disclosed --

A. No.

Q. -- on your CRD?

A. The answer is no.

Q. With respect to the transition to First

1 American Securities, who specifically hired you at
2 First American Securities?

3 A. I would have -- I don't remember.

4 Q. Do you remember having any conversations
5 on boarding with the firm in terms of registration,
6 job description discussions?

7 A. No. I have to think back now. So there
8 was the acquisition of First American Securities.
9 Tom Brenner and I both were registered at First
10 American Securities. I don't recall who processed
11 my registration.

12 Q. In terms of the -- your position which was
13 as I understand you described it as a recruiter,
14 who indicated that that would be your position at
15 First American Securities?

16 A. Chris Parris.

17 Q. Chris Parris.

18 So in your role as recruiter, the
19 compensation that you were to be paid, who
20 determined that compensation?

21 A. Chris Parris.

22 Q. And with respect to the results of your
23 efforts at recruiting, who was supervising that
24 part of the business?

1 A. Tom Brenner.

2 Q. And how many people did you recruit for
3 First American Securities?

4 A. I'm trying to go through the names here in
5 my mind. There's three that I can recall. I think
6 there's more, though.

7 Q. When you were looking to recruit people,
8 what were the criteria or what was the criteria you
9 were looking for to recruit somebody?

10 A. Okay. So here is the business model for
11 the First American Securities development. So when
12 I was at Morgan Stanley, the payouts were generally
13 if someone was -- if a broker had a trailing 12 of
14 roughly 3 to 400,000 a year, the payout was 33,
15 34 percent, so they were going to make roughly a
16 hundred thousand a year.

17 After the economic collapse what happened
18 is the payouts for Morgan Stanley, Merrill Lynch,
19 all the major players, they got cut. They went
20 from 33 into the low 20s. So the business model
21 was simple. It was me to penetrate Morgan,
22 arranges penetrate Merrill, penetrate the major
23 wirehouses that cut -- they called it the penalty
24 box that cut these brokers through no fault of

1 their own just to ensure solvency for the
2 broker-dealers and put the brokers in a penalty
3 box.

4 Our business model was, you come with the
5 same production you're producing and we'll pay you
6 50 percent. It's that simple. So to answer your
7 question the candidate was a wirehouse broker who
8 had his payout cut significantly, and we could
9 essentially to a degree double his payout.

10 Q. Your position -- role as recruiter, was
11 that a position you were also intended to do at I
12 believe it was Capstone?

13 A. Correct.

14 MS. TESIJA: First Allied --

15 BY MR. O'NEILL:

16 Q. Oak Street Securities?

17 A. Correct, for first Oak Street, yes.

18 Q. And the decision specifically to make you
19 or to appoint you or to have you function in the
20 role as recruiter, was that -- whose decision was
21 that?

22 A. Chris Parris.

23 Q. The circumstances behind your termination
24 with First American Securities, can you describe

1 that for me, please?

2 A. Yes. Jervis Hough called me during the
3 on-site audit examination and said, you need to
4 deregister. I said, why. And he said, FINRA
5 thinks you're parking your license, so . . .

6 Q. That was the reason for the termination?

7 A. Yeah. He told me the FINRA examiners
8 indicate that I should deregister because it
9 appeared I was parking my license.

10 Q. So at that moment in time when you had
11 that conversation with Jervis, were you still
12 functioning as a recruiter?

13 A. No, I wasn't. No.

14 FURTHER EXAMINATION

15 BY MS. TESIJA:

16 Q. What were you doing at that time?

17 A. Well, I worked at CLMS and managed
18 Foremost.

19 Q. Well, what were you doing at that time for
20 First American Securities?

21 A. Nothing.

22 Q. Okay. And when did you cease doing
23 anything for First American Securities?

24 A. Sometime last year, fourth quarter of last

1 year.

2 Q. And why did you stop doing any activities
3 for First American Securities?

4 A. Well, one reason was because the firm --
5 the brokers I recruited created an expense burden
6 to First American Securities. So Tom Brenner and
7 Chris Parris said, we need to restructure the
8 business model, and that meant to terminate the
9 brokers and lower expenses.

10 So my role essentially was extinguished.
11 If we terminated the recruiting process and
12 terminated the brokers that I recruited, there's no
13 use for me essentially.

14 Q. You mentioned business model in a few
15 different contexts. I wanted to drill down on that
16 a little bit. First you had mentioned that
17 initially there was a business model where you
18 would identify wirehouse brokers with decreased
19 payouts and then try to bring them over to First
20 American Securities so that you could increase
21 their payouts basically, right?

22 A. Correct.

23 Q. Who came up with that business model?

24 A. I did.

1 Q. Okay. Who did you speak to at First
2 American about that business model?

3 A. Chris Parris.

4 Q. And Mr. Brenner came on board at First
5 American after you did, correct?

6 A. I'm not sure. I don't recall.

7 Q. Okay. What did you and Chris talk about
8 in terms of this business model?

9 A. Well, the business model originated years
10 ago when there was the first engagement with
11 Capstone. So the business model was the same. It
12 was for me based on this commonsense economic
13 approach that I believe that any broker would
14 appreciate doubling their income overnight
15 essentially, so that originated prior to First
16 American Securities. The business model was
17 consistent.

18 Q. So was that a business model that you and
19 Chris Parris basically discussed and decided to
20 execute?

21 A. I came up with the model, discussed it
22 with Chris. Chris said, I'll buy a broker-dealer,
23 and then I grow it from there. I came up with the
24 model of, again, me working at Morgan Stanley,

1 understanding the mindset of the payouts. So I
2 approach Chris -- well, I didn't approach. It was
3 casual conversation. Chris said, well, what if we
4 buy a broker-dealer. I said, if you buy the
5 broker-dealer, I can grow the broker-dealer based
6 on this concept.

7 FURTHER EXAMINATION

8 BY MR. JESKE:

9 Q. Those are discussions you had prior to the
10 Oak Street period when you were registered with
11 them?

12 A. Correct.

13 Q. When you were -- when you had moved past
14 Oak Street and now becoming registered with First
15 American and Mr. Parris and Mr. Santillo were
16 acquiring First American, did you have a similar
17 discussion where you said, like this is how we're
18 going to run First American when you acquire it or
19 now that you acquired it?

20 A. Yes. It was the same discussion. It
21 never changed.

22 Q. And did you talk with Mr. Parris about
23 that because he needed to sign off on it?

24 A. Yes.

FURTHER EXAMINATION

BY MR. O'NEILL:

Q. Dominic, what location did you work out of?

A. A Laurel Par, Livonia, Michigan.

Q. Was anybody else there besides yourself?

A. Yes.

Q. Who was that?

A. Well, the brokers I recruited.

Q. Do you recall their names?

A. Yeah, Eric Ruth, Hugh Gentry. I know there's more than. I don't recall. I know there's more. Oh, Stacy Jameson, I forgot, but her husband's name -- whatever her -- I think she has a husband, I forgot his name, him. John Furkioti. There may be more. That's all I recall.

Q. With respect to that location, do you have any understanding of how the expenses were paid for that branch?

A. Yes, Chris Parris.

Q. And did Chris Parris pay for them personally or did he pay through some other entity?

A. I don't know.

Q. How is it that you know that Chris Parris

1 paid for them?

2 A. Well, because he -- well, actually it was
3 Perry. The lease was in Perry Santillo's name.

4 FURTHER EXAMINATION

5 BY MR. JESKE:

6 Q. Do you know who paid the lease?

7 A. I don't, I don't want to assume. I don't
8 know.

9 Q. When you recruited a rep and wanted to
10 bring them on board at First American, did you
11 check with -- did you have a conversation about
12 that with Mr. Parris?

13 A. No. It was Tom Brenner who I would
14 explain the dynamics of the broker. So that -- the
15 day-to-day conversations were with Tom Brenner.

16 Q. Did you have a discussion with Mr. Parris
17 just to let him know that you were --

18 A. Yeah, yeah. I would say, hey, I got a new
19 broker, yes, FYI.

20 Q. Did you do that because you thought you
21 needed his signoff on that?

22 A. No, just FYI.
23
24

Exhibit N

1
2 **FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)**
3 **DEPARTMENT OF ENFORCEMENT**
4

5 **In the Matter of:**

6 **FIRST AMERICAN SECURITIES** **Matter Number:**
7 **20150460564**

8 **Testimony of:**

9 **CHRIS PARRIS**

10
11 **55 West Monroe Street**

27th Floor

12 **Chicago, Illinois 60603**

13 **September 10, 2015**

9:00 a.m.

14
15 **A P P E A R A N C E S:**

16 **For the Department of Enforcement:**

17 **SHAWN O'NEILL, Assistant District Director**
MIKI VUCIC TESIJA, ESQ., Senior Regional Counsel
18 **DEAN M. JESKE, ESQ., Deputy Regional Counsel**
RYAN MCNEILLY, Assistant Principal Examiner
19 **MARK L. NORMAN, Principal Examiner**
JOSEPH OZAG, JUNIOR, Director

20
21 **For the Witness:**

22 **ULMER BERNE, LLP**

ALAN M. WOLPER, ESQ.

23 **500 West Madison Street, Suite 3600**

Chicago, Illinois 60661

24 **312.658.6564**

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I N D E X

WITNESS

EXAMINATION

CHRIS PARRIS

By Ms. Tesija	5
By Mr. Jeske	8
By Mr. O'Neill	14
By Mr. Ozag	25

E X H I B I T S

NUMBER

IDENTIFICATION

Exhibit No. 54	8
Exhibit No. 55	163
Exhibit No. 56	249
Exhibit No. 57	275
Exhibit No. 58	346

1 over here. And I said, all right, this is getting
2 too sticky. And then somehow the republicans found
3 out, and the current state senator asked me to
4 lunch and said, hey, please don't run against me,
5 blah, blah, blah.

6 And so that political world I was also the
7 vice president of the African American Republican
8 Committee for my county there in New York. And
9 through that as far as, you know, investors goes,
10 as far as, you know, private equity firms, things
11 of that nature, there's so many different places to
12 go. So many people that know me, you know, trust
13 me, that I have access to. So I don't want to just
14 make it appear that these two firms are all that I
15 have the intent on speaking to after I get United
16 where it needs to be, which I'm sure we'll talk
17 about this later. It's at that point at this point
18 in time.

19 BY MR. O'NEILL:

20 Q. So, Chris, the initial conversations you
21 had with Tom --

22 A. Yes.

23 Q. -- I think you indicated included
24 discussions about the model --

1 A. It did.

2 Q. -- regarding United RL Capital?

3 A. It did.

4 Q. And did it also include a conversation
5 about a potential raise of capital for United RL?

6 A. It did.

7 Q. And what did you discuss with Tom
8 regarding that raise of capital?

9 A. Okay. I discussed with Tom suggesting
10 that we raise capital in, you know, with this just
11 as we did for Percipience. Except in this
12 capacity, we would do it as an outside business
13 activity. You know, that be the structure versus
14 how we did Percipience by onboarding it onto the
15 platform as we did with PGC.

16 Q. Can you walk me through that decision as
17 to why that was made?

18 A. That was made -- and I will say, I'm not
19 going to say it was my decision. I'm going to say
20 it's my suggestion, you know, because there's a big
21 difference, all right. I suggested that because I
22 knew that United was never going to be as elaborate
23 as we hoped Percipience to be. In other words, I
24 didn't see First American ever having, you know,

1 10 brokers at any point in time selling this
2 product and us looking to raise, you know,
3 \$10 million, \$20 million, \$30 million at some point
4 in time.

5 I knew that the eventual outlets were
6 going to be private equity, and actually that's not
7 necessarily needed, you know, at all because it's
8 kind of self-serving at this point. But I knew
9 that that was my direction, so I said, Tom, this
10 isn't going to be a Percipience type deal. This
11 isn't going to be, you know, something that we are
12 going to keep for years and have, you know, like I
13 said, multiple people offering it and things of
14 that nature. So that's why I suggested the OBA.

15 The OBA my understanding of it came from
16 my time as a limited time as a registered rep as
17 I'm sure you know. I was a Series 6 for a couple
18 years while I was at New York Life and left there
19 for Nationwide Securities for a year. And I did an
20 OBA there before, and it was to do certain fixed
21 annuities that were not currently on the
22 broker-dealer's platform.

23 And so we had to OBA it because it wasn't,
24 you know, part of the platform. It's going to be

1 different. Commissions are going to be paid
2 separately, you know, blah, blah, blah. So that's
3 where I got the idea of the format for it, and
4 that's why I suggested what.

5 Q. Did you discuss that idea with the chief
6 compliance officer at First American Securities?

7 A. No. Only with Tom.

8 Q. And when you discussed that idea with Tom
9 regarding the outside business activity, what was
10 Tom's reaction to that?

11 A. I don't necessarily recall, but he -- you
12 know, we obviously moved forward with it. I now
13 fully understand that the way in which this was
14 done, you know, the OBA format being that this is a
15 security, you know, deemed a security, was not the
16 right way to do that, did not realize that at the
17 time.

18 But understand this, when it comes to the
19 firm, I mean, I have guys in there that are
20 Series 24 licensed, had John Furkioti who was our
21 present compliance officer said, hey, Chris, guess
22 what, you want to do this program of yours as an
23 OBA, you can't do that. Well, then we definitely
24 would have taken steps to, you know, do it another

1 Q. No, no, I'm sorry.

2 A. Yeah. There was a well called West Delta
3 down in Houston that we had a purchase offer in on,
4 and then we had looked at a property in Kentucky
5 near Tennessee that we were going to try to
6 acquire, and nobody ever came through. So it
7 didn't work out.

8 Q. So the offering was rescinded and whoever
9 had given you money had gotten their money back?

10 A. Correct.

11 FURTHER EXAMINATION

12 BY MR. O'NEILL:

13 Q. Were you registered with a broker-dealer
14 at the time this offering was done?

15 A. No.

16 Q. Do you know if this offering went through
17 a broker-dealer?

18 A. It did not.

19 Q. Chris, we talked about Percipience,
20 United RL, and we just spent a few moments talking
21 about this offering for Lucian Development. Have
22 you been engaged in any other private offers for
23 any other company we have not talked about?

24 A. No.

1 Q. So just those three?

2 A. Yes.

3 FURTHER EXAMINATION

4 BY MR. O'NEILL:

5 Q. Chris, can you describe for me your
6 understanding of an entity named Wayne Diversified?

7 A. Yes, Wayne Diversified is what Perry and I
8 formed for the purpose of acquiring Crown
9 Investment Services from Tom Brenner.

10 Q. Is Wayne Diversified used for any other
11 purpose other than the acquisition of Tom Brenner's
12 book of business?

13 A. Not at all.

14 Q. Besides acquiring Tom Brenner's book of
15 business, did Wayne Diversified acquire any other
16 book of business?

17 A. No. Actually, no. Its sole purpose is
18 Crown Investments.

19 Q. Did it attempt to purchase any other book
20 of business besides Tom Brenner's?

21 A. I don't believe so.

22 Q. Besides yourself and Perry, is anyone else
23 involved in Wayne Diversified?

24 A. No, there's no other owners.

1 Q. Is Dominic Siwik involved with Wayne
2 Diversified?

3 A. He was involved in the standpoint we kind
4 of got this grand idea together, that, hey, we need
5 to buy a broker-dealer, you know, a book of
6 business. And we looked for many, you know,
7 couldn't find anything, but before we arrived at
8 Crown, when we acquired it, Dom was, you know, not
9 necessarily part, but he had a mission.

10 And his mission was that, hey, I can help
11 this thing grow, you know, I can -- we'll do this
12 broker-dealer. I can recruit, you know, I can put
13 the word out there, and we can build this thing
14 into, you know, something great. And if he was
15 able to accomplish that, you know, then Dominic was
16 also going to become an owner of the broker-dealer.

17 Q. So Dominic still with the broker-dealer?

18 A. I don't believe so.

19 Q. Do you have an understanding why he's not?

20 A. I'm not exactly positive, but I think
21 during the exam it was suggested that because he
22 doesn't have activity to not be, you know, have his
23 license there anymore. And to be quite honest, at
24 that, you know, the I'll call it the last year, he

1 really has had minimal activity. His mindset has
2 been more on the laboratory.

3 Q. Is that Foremost you're talking about?

4 A. Yes, it is. And he plays a role in CLMS
5 itself now as well.

6 Q. With respect to Jervis Hough, Jervis Hough
7 at one time was the firm's chief compliance
8 officer; is that correct?

9 A. Correct.

10 Q. And can you tell me who specifically hired
11 Mr. Hough?

12 A. I believe it was Dominic who found and
13 hired Jervis.

14 Q. Do you know how he found him?

15 A. Likely through a consulting service,
16 that's how he finds everybody.

17 Q. In terms of the salary that was paid to
18 Mr. Hough, can you tell me who approved Mr. Hough's
19 salary?

20 A. It was probably Dom, and I am certain that
21 he would have run it by me because all, you know,
22 major expenditures, you know, he ran by me.

23 Q. The decision to replace Mr. Hough as a
24 CCO, can you walk me through that decision?

1 Q. Okay. So what services do these three
2 admins provide, if any, to Wayne?

3 A. Not, not much, I mean.

4 FURTHER EXAMINATION

5 BY MR. JESKE:

6 Q. How does Wayne Diversified make money?

7 A. Well, Wayne doesn't, it's just a holding
8 company. It's not --

9 Q. So does it make money?

10 A. No, not necessarily. I mean, we finance
11 Wayne, you know, ourselves, Perry and I.

12 Q. You just put capital into it?

13 A. Yes, because now the intent behind that is
14 Wayne is the holder of this asset, you know, we own
15 this asset. It's just the cost of doing business
16 to retain that asset.

17 Q. So the salary of these folks that we were
18 just talking about whose names I don't remember,
19 those salaries are paid by you and Mr. Santillo
20 putting capital into Wayne Diversified?

21 A. That's correct.

22 FURTHER EXAMINATION

23 BY MS. TESIJA:

24 Q. Did you and Mr. Santillo determine what

1 the salary amount would be?

2 A. Yes, we did.

3 Q. Did you and Mr. Santillo hire these three
4 individuals?

5 A. Yes, I did.

6 Q. Was it you and Mr. Santillo or just you?

7 A. Probably just me.

8 Q. Okay. And what about the salary
9 determination, did you make that determination?

10 A. I'm certain that Perry and I collided on
11 that -- collaborated on that.

12 Q. Collided?

13 MR. JESKE: Maybe both.

14 THE WITNESS: Yeah, I'm colliding all over the
15 place.

16 **FURTHER EXAMINATION**

17 **BY MS. TESIJA:**

18 Q. What about the actual payment of the
19 salary, does that money come from you and to
20 Mr. Santillo or just you?

21 A. We -- we fund that mainly through our
22 insurance endeavor. Our book of business that's
23 generated by those -- like 50 employees or so,
24 makes us a tremendous amount of money, and we

1 utilize, you know, profits from that revenue to
2 finance Wayne, you know, which is the, you know,
3 the owner of this asset.

4 FURTHER EXAMINATION

5 BY MR. OZAG:

6 Q. Tom Brenner receives 40 percent commission
7 for transactions that he does on behalf of the
8 customers who are part of the Wayne Diversified
9 owned book; is that right?

10 A. I'm not certain where his percentage is.

11 Q. Who determined that Mr. Brenner would be
12 paid for those transactions?

13 A. Probably decided between he and Dominic.

14 Q. I mean, they're being paid -- that's a
15 decision, though, that, you know, ultimately the
16 obligation of an entity that they both own control,
17 right?

18 MR. WOLPER: What's that?

19 THE WITNESS: Well, they control.

20 MR. WOLPER: Hold on.

21 BY MR. OZAG:

22 Q. You said him and Dominic made that
23 decision and would be a paid on those transactions,
24 but the book is owned by Wayne Diversified; is that

1 right?

2 A. The book is owned by Wayne Diversified.

3 Q. Does Brenner own Wayne?

4 A. No, he does not.

5 Q. Does Dominic?

6 A. No.

7 Q. How do they have the authority to make the
8 determination to be --

9 A. There's a book of business and
10 broker-dealer. It's the broker-dealer that
11 determines what percentage that he's going to get
12 paid, not the book.

13 Q. Did you have any input in how much he
14 would be paid?

15 A. No, I did not.

16 Q. Did they run that by you?

17 A. No.

18 Q. So they could have decided he gets a
19 hundred percent and that was their decision to
20 make?

21 A. They could have.

22 FURTHER EXAMINATION

23 BY MR. JESKE:

24 Q. But the three individuals that are

1 employed by Wayne Diversified, by whom -- who
2 provide services for First American Securities, are
3 those three individuals registered with First
4 American Securities?

5 A. I don't believe so.

6 Q. Do you know if they're referred to as
7 nonregistered fingerprint people?

8 A. I'm not positive.

9 Q. Okay. Whose decision was it to have those
10 individuals provide services to the broker-dealer?

11 A. It was probably mine and Perry's together.
12 Because, you know, at one point in time we had, you
13 know, First American more based out of Michigan,
14 and then when we had a lot -- a few more brokers
15 than we have today, then we, you know, downsized
16 and made that the headquarters.

17 And, you know, Tom became the CEO and
18 being that the, you know, revenue wasn't high for
19 First American, we said, you know, we thought to
20 help the BD out as much as it can to get on its
21 feet.

22 MR. JESKE: I'm done. That answered my
23 question. Thank you.

24 THE WITNESS: Okay.

FURTHER EXAMINATION

1
2 BY MS. TESIJA:

3 Q. One thing, we may have asked you this
4 yesterday, and I apologize if we did, but did
5 Dominic Siwik have any role with United RL capital?

6 A. No, he did not.

7 FURTHER EXAMINATION

8 BY MR. OZAG:

9 Q. A couple more questions about Percipience.
10 The private placement memorandum indicates
11 that Michael Belmont would supervise and oversee
12 investor relations. Did Mr. Belmont have any prior
13 experience or expertise in that area?

14 A. I believe so. He did consulting for a lot
15 of major companies from an investor relations
16 standpoint, and so he is a, you know, excellent
17 networker, excellent communicator. And again our
18 thought in putting him in that role is he's going
19 to bring us into this, you know, realm of
20 philanthropists and of course that never happened.

21 Q. You mentioned he had done investor
22 relations for other companies, correct?

23 A. I believe so. I don't know if it's coined
24 as investor relations, but he's done promotional

CERTIFICATE OF COMPLIANCE

I, Colleen E. Durbin, certify that the foregoing Brief in Opposition to Motion to Stay complies with the length limitation set forth in the Commission's Rules of Practice. I have relied on the word count feature of Microsoft Word in verifying that this brief contains 5,138 words.



Colleen E. Durbin
Assistant General Counsel
FINRA
1735 K Street, NW
Washington, DC 20006
(202) 728-8816

CERTIFICATE OF SERVICE

I, Colleen E. Durbin, certify that on March 1, 2016, I caused a copy of FINRA's Brief in Opposition to Motion to Stay, In the Matter of the Application of Christopher A. Parris, Administrative Proceeding File No. 3-17128 to be served by messenger on:

Brent J. Fields, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

and via Federal Express Overnight Delivery and e-mail on:

Alan M. Wolper, Esq.
Heidi E. VonderHeide
Ulmer & Berne, LLP
500 W. Madison Street, Suite 3600
Chicago, Illinois 60661
awolper@ulmer.com

Service was made on the Commission by messenger and on the applicant's counsel by Federal Express overnight delivery service due to the distance between FINRA's offices and the applicant's counsel.



Colleen E. Durbin
Assistant General Counsel
FINRA
1735 K Street, NW
Washington, DC 20006
(202) 728-8816